

# NHK SPRING REPORT | 2019

Society • Environment • Finance  
April 2018 — March 2019



Building a better world  
by building innovative products

Message from Management

Our approach is targeted on building innovative products to enhance corporate value and contribute to the development of an affluent society.



*T. Kayamoto*

Takashi Kayamoto  
President and CEO

*K. Tamamura*

Kazumi Tamamura  
Chairman of the Board

We would like to express our deep appreciation to all our stakeholders for their ongoing support of NHK Spring Group activities, from our shareholders and investors to our customers, business partners, and local communities.

While the economy in Japan is expected to grow steadily thanks to continued improvements in the employment and income environments, the global economy is forecast to show greater uncertainty and gradual decline due to factors including an economic slowdown in the US and the impact of trade conflicts. We believe global competition will intensify as well.

To achieve ongoing sustainable growth in fiscal 2019 under such circumstances, the NHK Spring Group is working wholeheartedly on the Group management policies set for the period: stay focused on a targeted approach, restore and grow profitability, develop new income-generating products and technologies,

Guiding Principles of NHK Spring

- Continuous progress
- Ceaseless excellence
- Caring teamwork

Corporate Philosophy

To contribute to an affluent society through an attractive corporate identity by applying innovative ideas and practices, based on a global perspective, that bring about corporate growth.

We, the people of NHK Spring, follow our Corporate Philosophy, in the spirit of our Guiding Principles, and build a better world by building innovative products.

increase manufacturing capabilities, and build a safe, secure, rewarding and work-friendly work environment.

NHK Spring celebrated its 80th anniversary in September of this year. We will cultivate even greater medium to long-term corporate value for the Group by building innovative products, with our sights set on celebrating a century of business in the future.

Our Group aims to maximize corporate stability and corporate value by supplying key parts to the automotive and telecommunications fields. These products leverage next-generation technologies emerging from our business stronghold of automotive parts: spring behavior analysis, metal materials expertise, metal heat treatment and plastic forming technologies, in combination with new core competencies in the telecommunication components field such as precision and micromachining technologies. The new Electrification Business Promotion Department established in April 2018 is positioned to take advantage of the unique technologies and strengths of NHK Spring during a once-a-century transformational period in the automotive industry. We are embracing the challenge of next-generation product development to create new technologies and products in the hope of always being recognized as a leading engineering company. To prepare for sales expansion, the Precision Spring & Components Division has completed construction of the second Ina Plant while the Industrial Machinery & Equipment Production Division has built the Miyada Plant which will produce semiconductor manufacturing equipment components. We have entered the third year of our medium-term management plan that started in fiscal 2017 and ends in fiscal 2020, and we will be even more profitable through unified production and sales operations.

Turning to non-financial aspects of business, ESG (Environmental, Social, and Governance) management is a necessity today with the objectives of considering the environment, resolving social issues, and enhancing corporate governance. Our corporate philosophy states that we work “to contribute to the development of an affluent society through an attractive corporate identity.” We must earn the trust of all our stakeholders to accomplish that. The NHK Spring Group plans to improve medium to long-term corporate value while simultaneously working aggressively to follow compliance requirements, promote stronger corporate governance and active information disclosure, strengthen global environmental initiatives, respect human rights, promote human resources diversity, coexist with local communities, and resolve social issues.

We began the Smart Work Project in fiscal 2018 as a work style innovation initiative that places the highest priority on a safe, secure, rewarding and work-friendly environment. We believe that putting the physical and mental wellbeing of our employees first, and equipping them with an environment that promotes work efficiency and a thriving diverse workforce, supports each individual’s growth as well as corporate expansion. As we look ahead to our 100th year in business, our focus is targeted and sincere on building innovative products. NHK Spring is also committed to contribute to the development of a sustainable society while enhancing corporate value.

We hope this report brings an understanding of some of our thoughts and activities related to the social responsibilities we should fulfill as a corporate group. We appreciate your continued support of our activities.

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NHK Spring Corporate Profile

Organizational Governance

Human Rights

Fair Operating Practices

Labor Practices

Consumer Issues

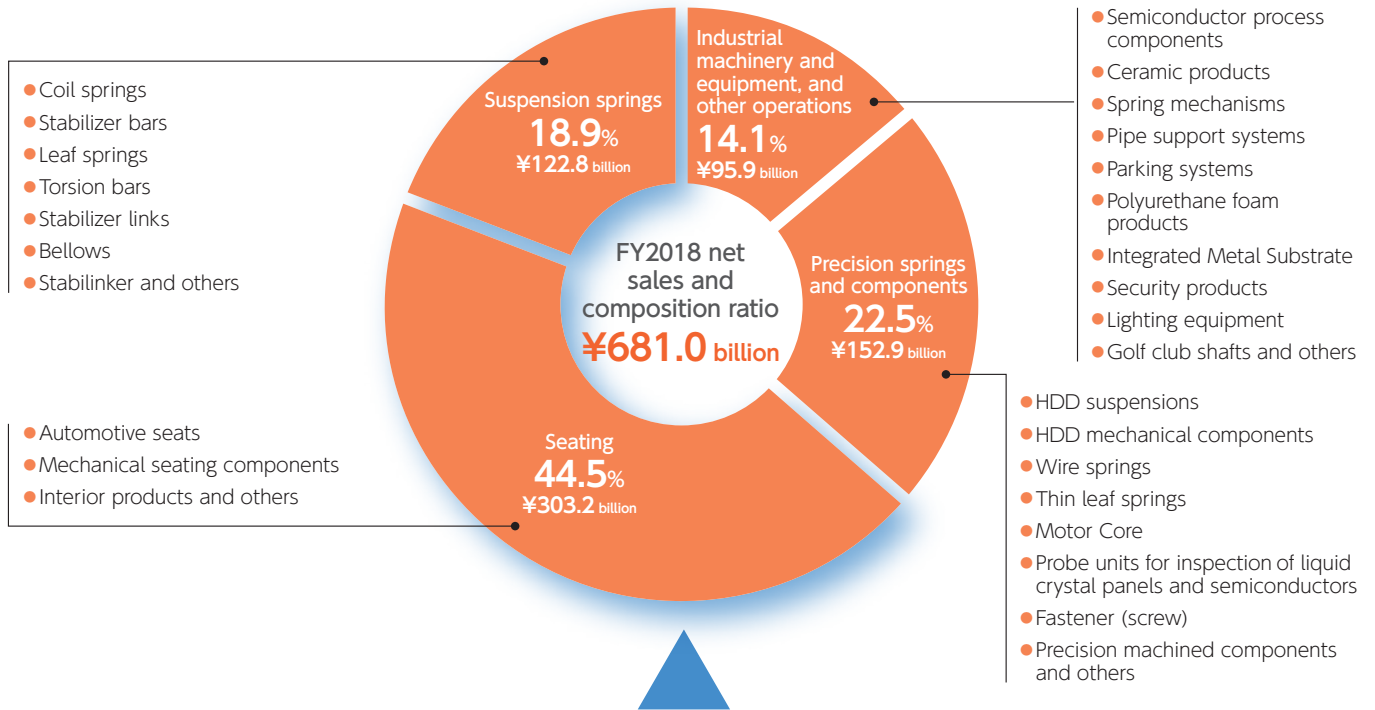
Community Involvement and Development

Environment

\*Information about environmental education, business activities, the life cycle flow, support of the ISO 14001, environmental accounting as well as management and reduction of substances of concern are published on our homepage as environmental data.

The NHK Spring Report 2019 used the international standard ISO 26000 as a guideline to structure information in accordance with the seven core subjects: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development.

**NHK Spring contributes to building innovative products with the automotive sector at the core to provide a wide range of value to society through high-level technology that utilizes the characteristics of springs.**



### Automobiles

We supply key components for safety, environmental protection, comfort and high functionality.

- Coil springs, stabilizer bars, leaf springs, and other suspension springs
- Seats, mechanical components for seats, and interior products
- Wire springs, thin leaf springs, precision machined components
- Polyurethane foam products • Motor Core • Integrated Metal Substrate





## Data communications

We deliver high precision, high performance products with cutting-edge technology.

- HDD suspension, HDD mechanical components
- Wire springs, thin leaf springs
- Probe units for inspection of liquid crystal panels and semiconductors
- Precision machined components
- Ceramic products
- Semiconductor process components
- Integrated Metal Substrate
- Polyurethane foam products



## Industry and lifestyle

We provide highly reliable products that serve society, with the emphasis on convenience and comfort.

- Parking systems
- Pipe support systems
- Gasket springs
- Polyurethane foam products
- Spring mechanism products
- Security products



## Corporate overview

### Corporate overview (as of March 31, 2019)

Trade name:	NHK SPRING CO., LTD.
Founding:	September 1939
Capital:	¥17,009,566,312
Employees:	5,202 (Non-consolidated), 21,720 (Consolidated) *The number of employees including the average number of temporary employees
Sales:	¥681.0 billion (Fiscal 2018 consolidated)
Head office:	3-10 Fukuura, Kanazawa-ku, Yokohama, 236-0004, Japan
Divisions:	Suspension Spring Division, Seating Division, Precision Spring & Components Division, DDS (Disk Drive Suspension) Division, Industrial Machinery & Equipment Division
Plants:	Yokohama Plant (suspension spring/seating), Shiga Plant, Gunma Plant, Toyota Plant, Atsugi Plant, Ina Plant, Komagane Plant (DDS/industrial machinery & equipment), Isehara Plant No.1 and No. 2, Miyada Plant, Yasu Plant
Branches:	Yokohama Minatomirai Kita-Kanto, Hamamatsu, Nagoya, Osaka, Hiroshima, Fukuoka
Stock market listing:	First Section, Tokyo Stock Exchange (Code 5991)
Group companies:	24 Domestic, 35 Overseas

### Shares (as of March 31, 2019)

Total authorized shares	600,000,000
Total issued shares	244,066,144
Total number of shareholders	10,433

(Yen)

Movements in share price	High	Low
Apr.-Jun. 2018	1,238	995
Jul.-Sep. 2018	1,228	1,020
Oct.-Dec. 2018	1,198	889
Jan.-Mar. 2019	1,070	914

### Members of the board of directors and auditors (As of June 26, 2019)

#### Board of Directors/Auditors

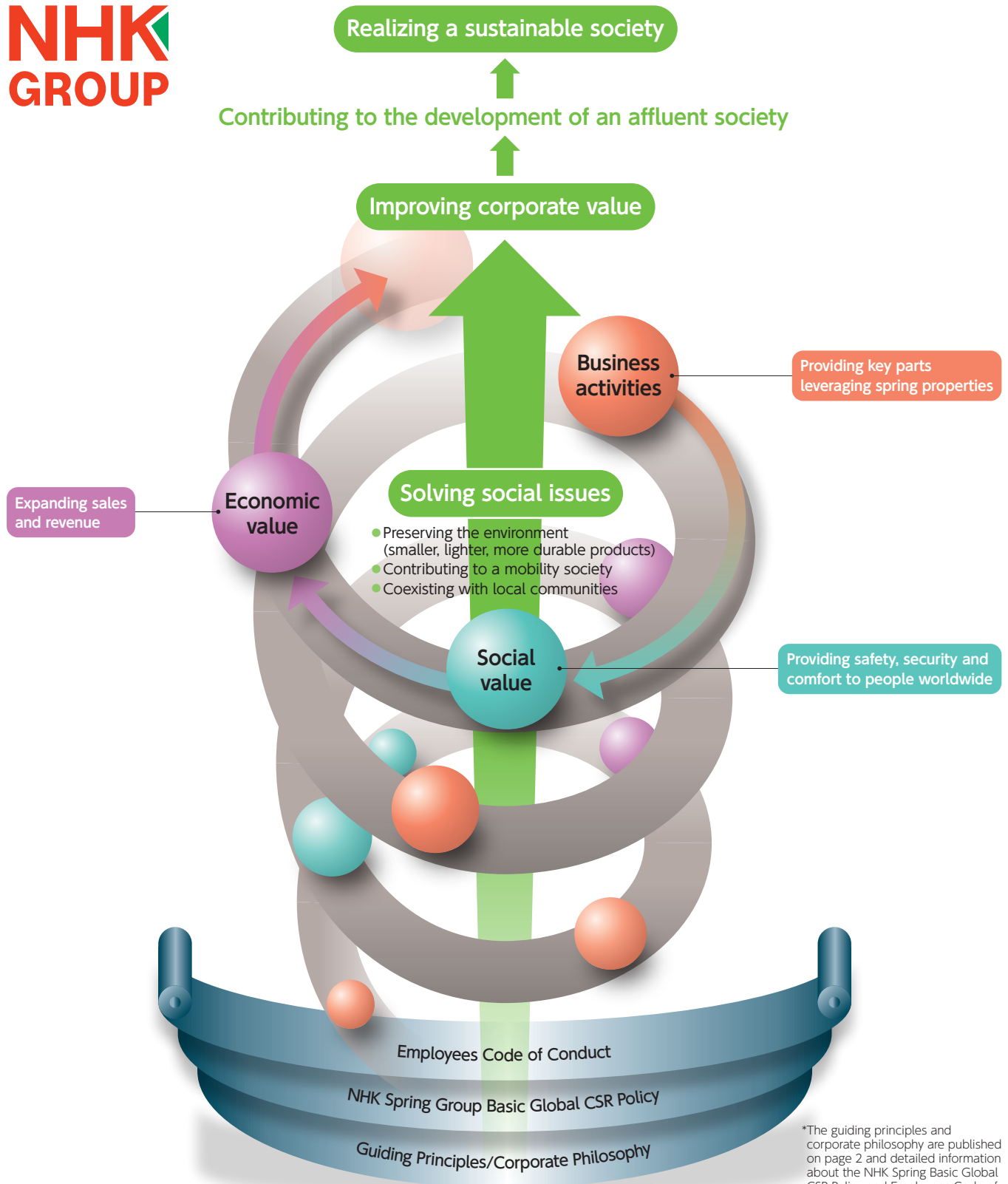
Chairman of the Board	Kazumi Tamamura	Member of the Board (External)	Keiichiro Sue
Member of the Board (President & CEO)	Takashi Kayamoto	Member of the Board (External)	Katsuko Tanaka
Member of the Board (Executive Vice President & CFO)	Toru Sugiyama	Audit & Supervisory Board Member	Kenji Shimizu
Member of the Board (Executive Corporate Officer & CCO)	Kiyohiko Kammei	Audit & Supervisory Board Member	Masakazu Toyoda
Member of the Board (Senior Corporate Officer)	Kazuhisa Uemura	Audit & Supervisory Board Member (External)	Susumu Komori
		Audit & Supervisory Board Member (External)	Kazuto Tachibana

#### Corporate Officers

Executive Corporate Officer	Ryuichi Shibata	Corporate Officer	Yukihiro Seki
Executive Corporate Officer	Toshio Kazama	Corporate Officer	Junichi Suzuki
Executive Corporate Officer	Hidekazu Hoshino	Corporate Officer	Toshihiro Tachikawa
Senior Corporate Officer	Hideto Enomoto	Corporate Officer	Yuji Shibuya
Senior Corporate Officer	Kazuhiko Otake	Corporate Officer	Yoshiyuki Shindo
Senior Corporate Officer	Hironobu Sugiura	Corporate Officer	Masayuki Horie
Senior Corporate Officer	Hidefumi Yoshimura	Corporate Officer	Jun Umeno
Senior Corporate Officer	Jiro Oyama	Corporate Officer	Morihiro Ichisugi
Senior Corporate Officer	Tetsuya Fujiwara	Corporate Officer	Osamu Ikejiri
Senior Corporate Officer	Toshinori Saeki	Corporate Officer	Hajime Okajima
Senior Corporate Officer	Noritoshi Takamura	Corporate Officer	Shunsuke Sasaki
Senior Corporate Officer	Tatsuro Ono	Corporate Officer	Takeshi Kamisaku
Senior Corporate Officer	Takahiro Okawara		
Senior Corporate Officer	Toshiyuki Aoyagi		

# Value to Society Provided by NHK Spring Group

We build new products that are able to adapt to the needs of the times and contribute to society. NHK Spring started in producing automotive suspension springs before expanding into automotive, telecommunications, manufacturing and lifestyle sectors through its core spring technologies as well as metal heat treatments and plastic fabrication technologies. We reinvest the economic value brought by solving social issues through our business activities in new next-generation businesses and will contribute to the development of an affluent society by building and sending out innovative key parts to the world.



\*The guiding principles and corporate philosophy are published on page 2 and detailed information about the NHK Spring Basic Global CSR Policy and Employees Code of Conduct are included on page 16.



## Automobiles

### Automotive suspension springs

Coil springs absorb shock and vibration from the road surface. Stabilizer bars help prevent automobiles from tilting during cornering and lane changes. Leaf springs help ensure both a comfortable ride and stability while driving. Designing our products to be smaller and more lightweight also helps improve fuel efficiency of automobiles.



### Automotive seats

We produce automotive seats with excellent levels of comfort and safety, completely in-house from design and development through assembly. Our seats must pass through our strict testing criteria to ensure that we provide only the best seats to users in terms of design, durability, comfort, and other expected qualities.



### Valve springs

We are constantly improving durability and heat resistance through the development of materials and processing methods. These products are highly reliable in their support of high-revving engines.



### Arc springs

These arc-shaped springs are designed with a long stroke for suitable applications. These springs are used to achieve low stiffness and expanded torsion angles for clutch dampers used in automatic and manual transmissions in automobiles, which helps reduce vibration and improve fuel efficiency.



### Disc springs

These springs are small, yet capable of handling significant loads, and so are often used in CVT and automatic transmissions in automobiles.



## TOPICS

### Emphasizing Product Development for Electric Vehicles

NHK Spring set up the Electrification Business and Promotion Department as an organization under the direct control of the President and Chief Executive Officer in April 2018. As the automotive industry advances electric vehicles, we are leveraging our core technologies and strengths to focus on the development of new products for electric vehicles. We will further emphasize research and development of products in the future by expanding manufacturing of motor cores and Integrated Metal Substrate for all electric vehicles in the initial stage of these activities.

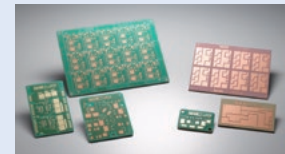
### Motor Core

These motor cores are used in EV/HEV drive motors. The motor is made up of the magnetic cores of the rotor and stator. This product requires high-precision press fabrication technology.



### Integrated Metal Substrate

Each core provides superior heat dissipation by combining metal such as aluminum and high-heat conductive insulation. These boards protect electronic devices from heat, which improves reliability and facilitates compact designs.



## Data communications

### HDD suspensions and mechanical components

Suspensions support the magnetic heads in HDD devices used in personal computers and other consumer electronic devices. Our HDD components are trusted around the world to make HDDs smaller, faster, and with higher capacities.



### Semiconductor equipment parts

We produce high-performance products such as heater and cooler units used in semiconductor manufacturing equipment and even electrostatic chucks integrated with both heaters and coolers.



Heater



Cooling Plate

### Super Seal / Super Sheet

These materials are made of special urethane foam and used in applications to create waterproof and airtight seals as well as provide sound absorption and cushioning. These products maintain stability and have excellent resiliency even under low compression, which is why they are used in many industries such as automotive, electronics, architecture and civil engineering.



## Industry and lifestyle

### Mechanical multilevel parking systems

We provide a rich variation of multilevel parking systems for customers to choose from while taking into account various requirements such as the lot area and economy. These structures effectively use land as the ability to provide adequate parking becomes a social issue.



### Pipe support systems

These systems are used to reduce noise and vibration produced in plant and hydraulic equipment, which helps improve safety of facilities.



### Tension balancers

Tension balancers absorb flexion that occurs in cables that provide electricity to the railroad pantograph, which helps ensure a constant tension and safe operation of traincars.



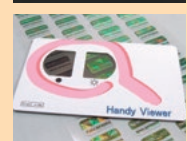
### Golf club shafts (Nippon Shaft)

We offer the N.S. PRO line of lightweight steel shafts. This brand is famous all over the globe for the control and distance these shafts offer golfers. In particular, the metal golf shafts hold an 80% market share and are used by more than 70% of professional female golfers.



### "Trustgram" and "Hypergram" anti-counterfeit labels

These label stickers help protect the counterfeiting of name-brand goods such as consumer electronics devices, personal computer components, automobile parts, sporting goods, and others.



### Maritime related products (NHK MEC)

We offer products renowned for their high reliability to various fields in maritime.

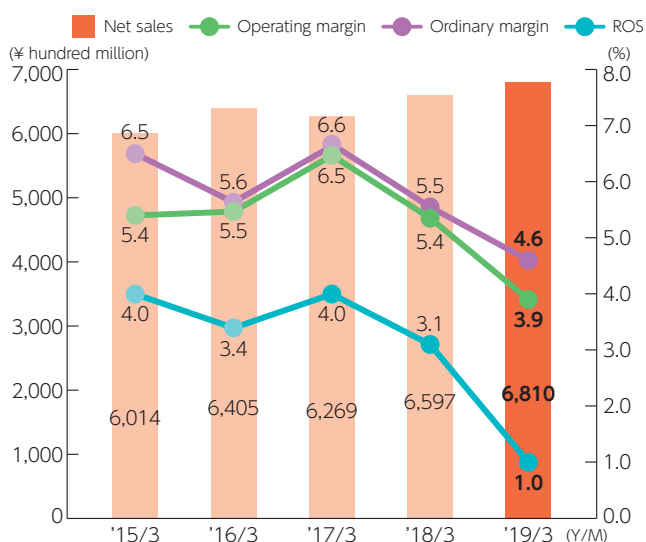


# Financial highlights 2018 (Consolidated five-year summary)

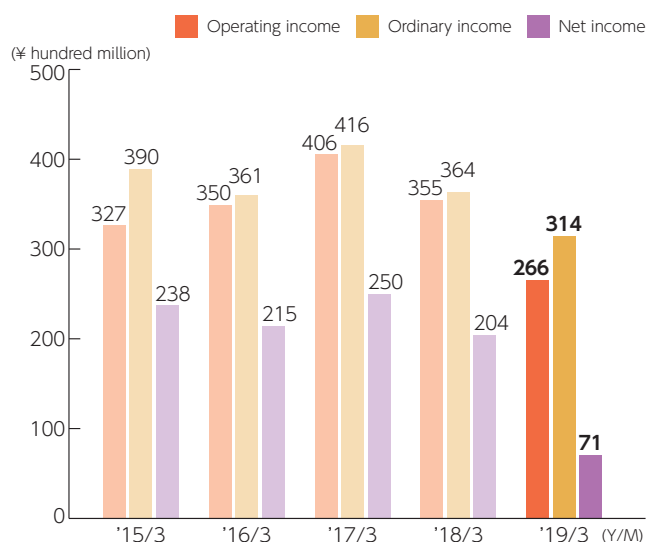
Accounting Period		Year ended in March 2015	Year ended in March 2016	Year ended in March 2017	Year ended in March 2018	Year ended in March 2019
<b>Operating Results</b>						
<b>Net sales</b>	(Millions of Yen)	601,434	640,516	626,950	659,730	<b>681,006</b>
<b>Operating income</b>	(Millions of Yen)	32,702	35,041	40,613	35,541	<b>26,650</b>
Operating margin	(%)	5.4	5.5	6.5	5.4	<b>3.9</b>
<b>Ordinary income</b>	(Millions of Yen)	39,075	36,111	41,640	36,421	<b>31,457</b>
Ordinary margin	(%)	6.5	5.6	6.6	5.5	<b>4.6</b>
<b>Profit attributable to owners of parent</b>	(Millions of Yen)	23,873	21,592	25,098	20,495	<b>7,104</b>
ROS	(%)	4.0	3.4	4.0	3.1	<b>1.0</b>
<b>Profitability</b>						
ROE	(%)	9.9	8.3	9.3	7.2	<b>2.5</b>
ROA	(%)	7.9	7.0	8.0	6.6	<b>5.5</b>
EPS	(Yen)	98.29	88.90	103.70	86.45	<b>29.97</b>
PER	(Times)	12.75	12.12	11.85	13.01	<b>33.17</b>
PBR	(Times)	1.2	1.0	1.0	0.9	<b>0.8</b>
<b>Financial Condition</b>						
Total assets	(Millions of Yen)	526,521	506,221	537,909	568,380	<b>573,198</b>
Stockholders' equity	(Millions of Yen)	262,654	257,243	279,699	292,836	<b>281,134</b>
Stockholders' equity to total assets ratio (%)		49.9	50.8	52.0	51.5	<b>49.0</b>
<b>Capital expenditure</b>	(Millions of Yen)	20,671	27,392	25,637	34,010	<b>44,975</b>
<b>Depreciation &amp; Amortization</b>	(Millions of Yen)	21,448	23,582	23,137	24,141	<b>25,001</b>
<b>Research and development expenses</b>	(Millions of Yen)	15,702	16,328	16,130	16,119	<b>16,822</b>
R&D per sales ratio	(%)	2.6	2.5	2.6	2.4	<b>2.5</b>
<b>Shareholder return</b>						
Cash dividends	(Yen)	20	22	23	23	<b>24</b>
Dividend payout ratio	(%)	20.3	24.7	22.2	26.6	<b>80.1</b>
<b>Cash flows</b>						
Net cash provided by operating activities	(Millions of Yen)	44,858	42,674	55,664	49,811	<b>36,794</b>
Net cash used in investing activities	(Millions of Yen)	(24,433)	(35,127)	(27,753)	(32,955)	<b>(42,299)</b>
Net cash used in financing activities	(Millions of Yen)	(5,264)	(13,672)	(16,916)	(5,960)	<b>7,327</b>
Cash and cash equivalents at end of year	(Millions of Yen)	83,439	72,238	82,493	95,007	<b>98,403</b>

\*Partial Amendments to the Accounting Standard for Tax Effect Accounting and other statutory changes went into effect at the beginning of FY2019. We have applied these indicators to the indicators for the term from FY2015 to FY2018 retroactively.

## Net sales

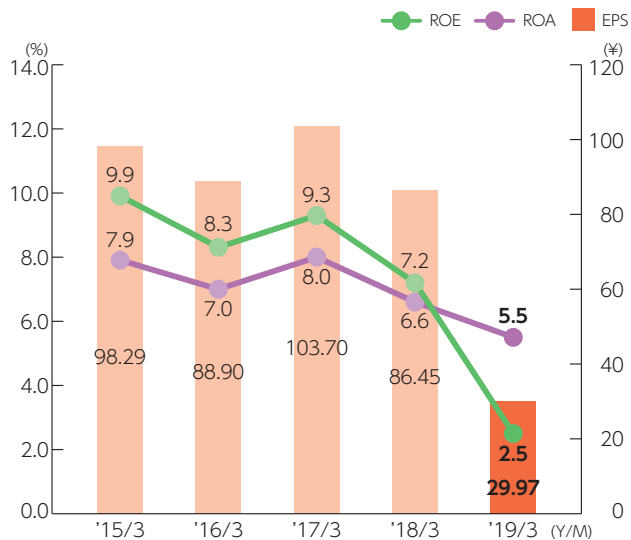


## Operating income, Ordinary income, Profit attributable to owners of parent

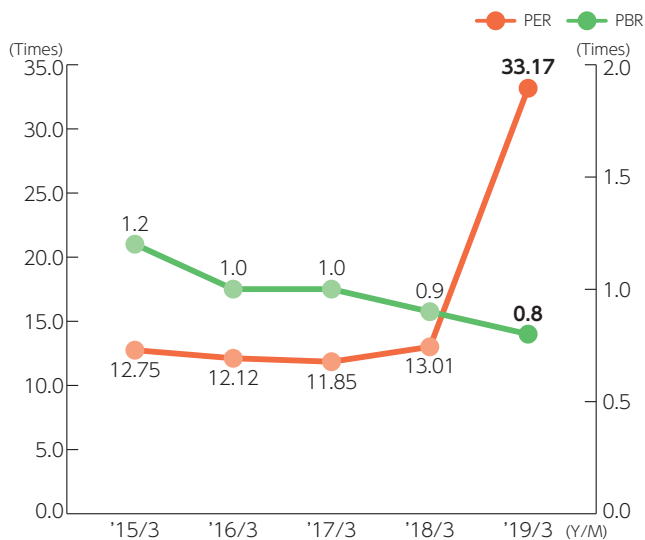




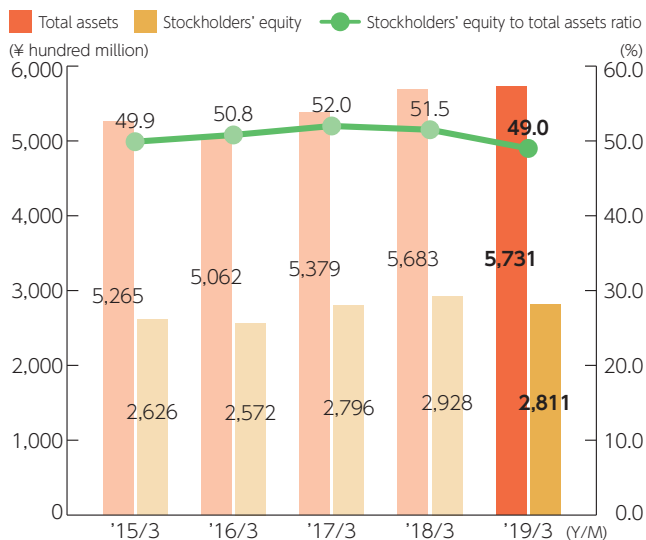
### Profitability (ROE/ROA/EPS)



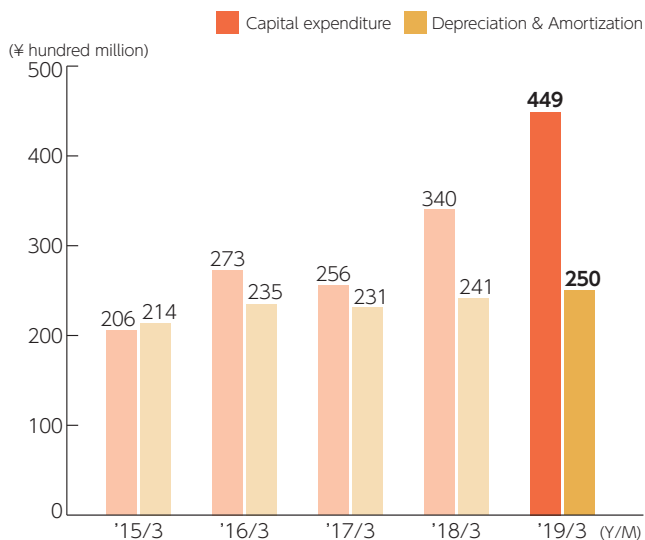
### Profitability (PER/PBR)



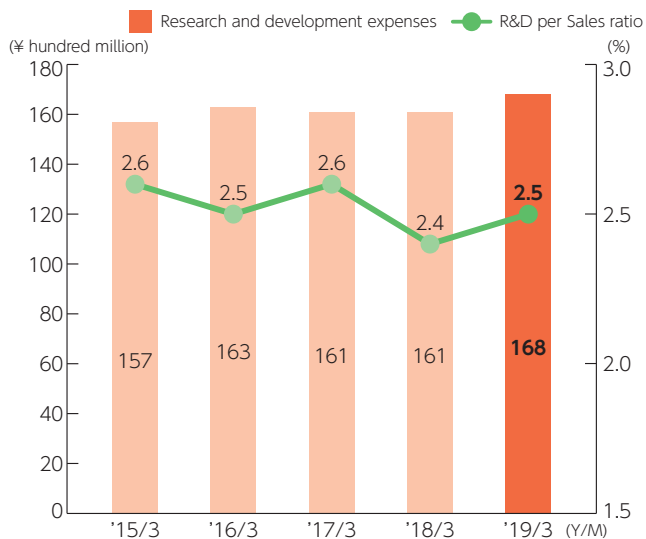
### Financial Condition



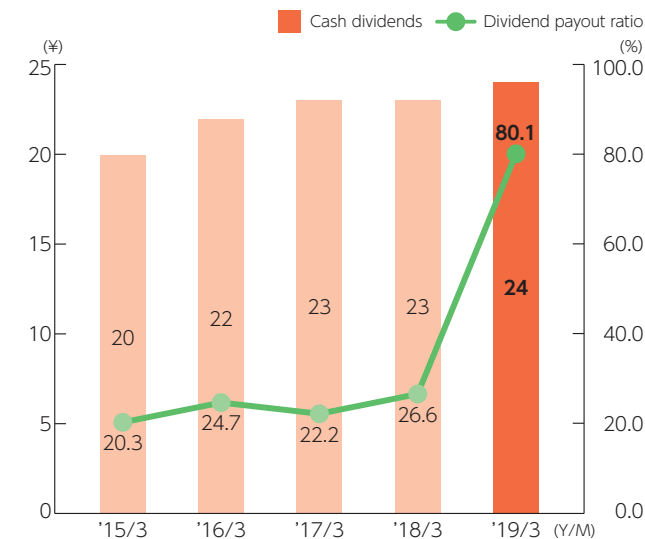
### Capital expenditure/Depreciation & Amortization



### Research and development expenses



### Shareholder return



# Financial highlights 2018 (Analysis of results)

## FY2018 Operating results

FY2018, the Japanese economy showed higher personal consumption and gradual recovery thanks to factors such as a better employment and income environment. In regard to global economy, higher personal consumption and capital investment led steadily its economy to strengthened in the United States. In Asia, China faced a gradual economic downturn while Thailand and India saw economic recovery.

In automotive markets, a primary business area for our group, the sales volume in Japan increased 1.2% to 5.259 million units. Finished car exports also increased 1.1% to 4.837 million units compared to the previous year.

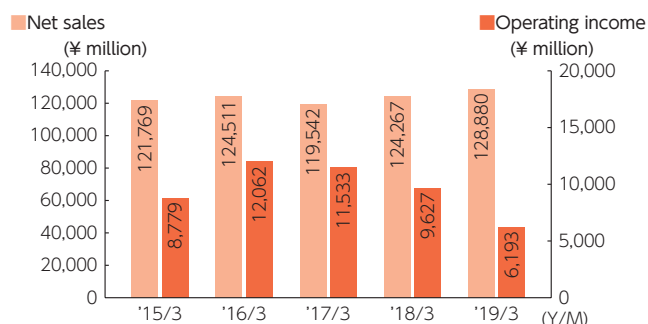
In light of the above management environment, net sales grew globally to ¥681,006 million, up 3.2% year-on-year. The operating income declined 25.0% from the previous fiscal year to ¥26,650 million due to factors such as reforms to the product mix of orders received and an increase in costs due to construction of new plants. Ordinary income also declined by 13.6% year-on-year

to ¥31,457 million. Net income attributed to owners of parent company decreased 65.3% from the previous fiscal year to ¥7,104 million due to a total of ¥11,525 million impairment loss from extraordinary losses of production facilities of Group companies in Mexico and America.

## FY2018 Segment information

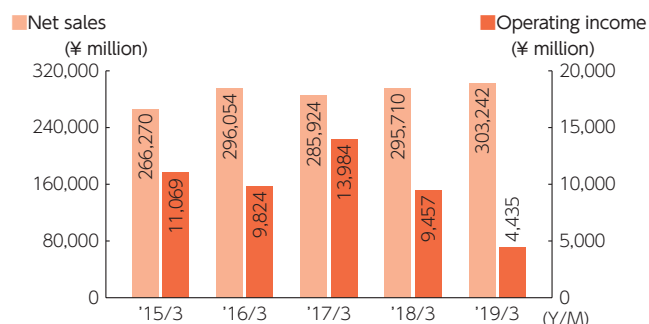
### [Suspension springs]

Suspension springs saw net sales increase 3.7% year-on-year to ¥128,880 million and an operating income decline 35.7% year-on-year to ¥6,193 million due to factors such as changes to the product mix.



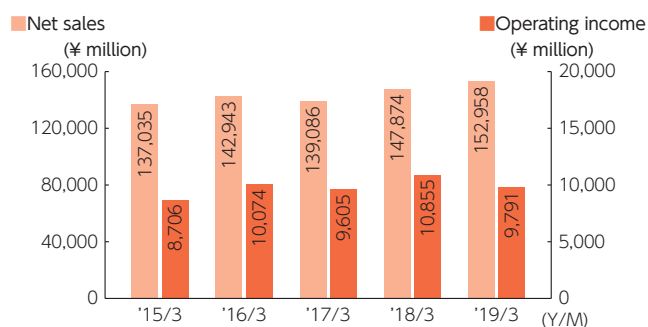
### [Seating]

Seating saw net sales increase 2.5% year-on-year to ¥303,242 million due to factors such as an increase in the number of production units for orders received. The operating income was ¥4,435 million (53.1% year-on-year decline) due to changes in the types of vehicle models for orders.



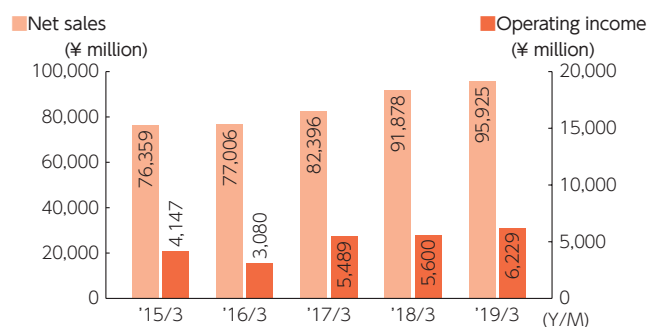
### [Precision springs and components]

Precision springs and components saw net sales increase 3.4% year-on-year to ¥152,958 million due to factors such as an increase in the product quantity of orders received. The operating income declined 9.8% to ¥9,791 million due to factors such as the costs incurred from the construction of new plant.



### [Industrial machinery and equipment, and other operations]

Industrial machinery and equipment, and other operations saw net sales of ¥95,925 million yen (4.4% year-on-year increase) and the operating income of ¥6,229 million (11.2% year-on-year increase).



## FY2018 Financial Conditions

Total assets at the end of fiscal 2018 increased by ¥4,818 million compared to the previous year to ¥573,189 million due to increase in cash, bank deposits, and tangible fixed assets.

Liabilities increased by ¥16,405 million compared to the previous fiscal year to ¥277,137 million due to factors such as an increase in short-term and long-term borrowings.

Net assets declined by ¥11,587 million compared to the previous year to ¥296,061 million due to factors such as the decrease in other valuation differences on available-for-sale securities.

## Cash flow

Net cash from operating activities decreased by ¥13,016 million from the previous year to ¥36,794 million. This was primarily due to a decrease in net income for the current fiscal year before adjustments such as income taxes as well as a decline in

accounts payable.

Net cash from expenditures of investment activities increased by ¥9,344 million from the previous year to ¥42,299 million. This is primarily due to an increase in expenditures from the acquisition of tangible fixed assets.

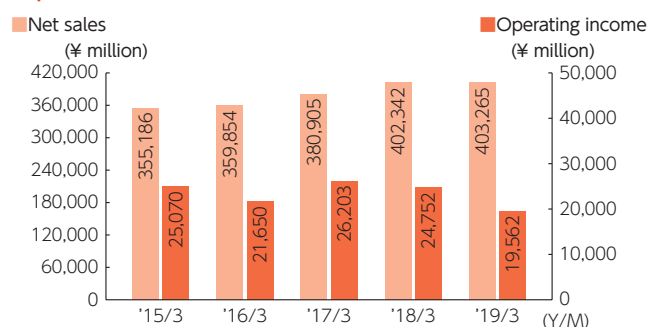
Cash flow generated by our financial activities increased ¥7,327 million to ¥13,288 million compared to the previous fiscal year. This is primarily due to an increase in earnings from long-term borrowings.

The free cash flow was ¥5,504 million less after subtracting cash flow in investment activities from cash flow in operating activities.

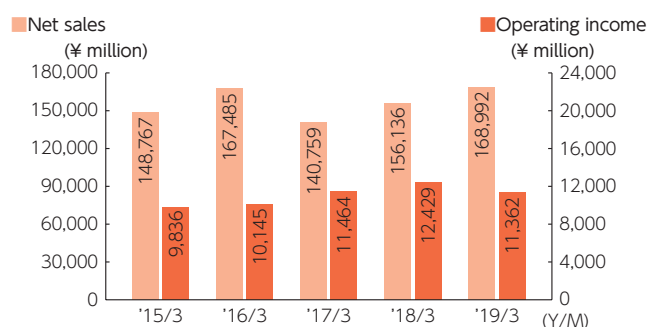
As a result of the foregoing, cash and cash equivalents at end of the period increased by ¥3,396 million at the end of the previous period to ¥98,403 million. Corporate bonds, commercial paper, and long- and short-term borrowings totaled ¥68,215 million, an increase of ¥14,931 million at the end of the previous period.

## (Reference) Segment by location

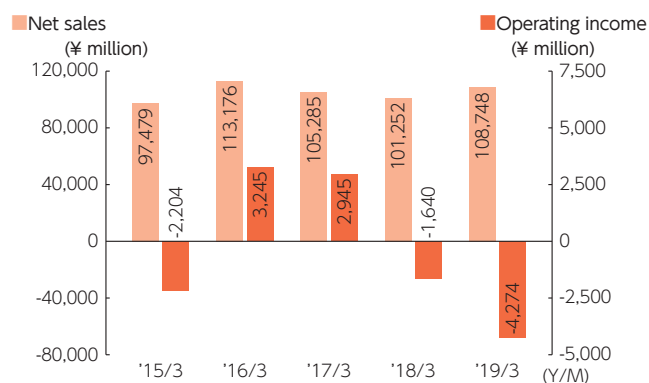
### [Japan]



### [Asia]



### [North America and Europe, etc. (Revised as of the year ended March 31, 2019)]



# Business activity highlights 2018

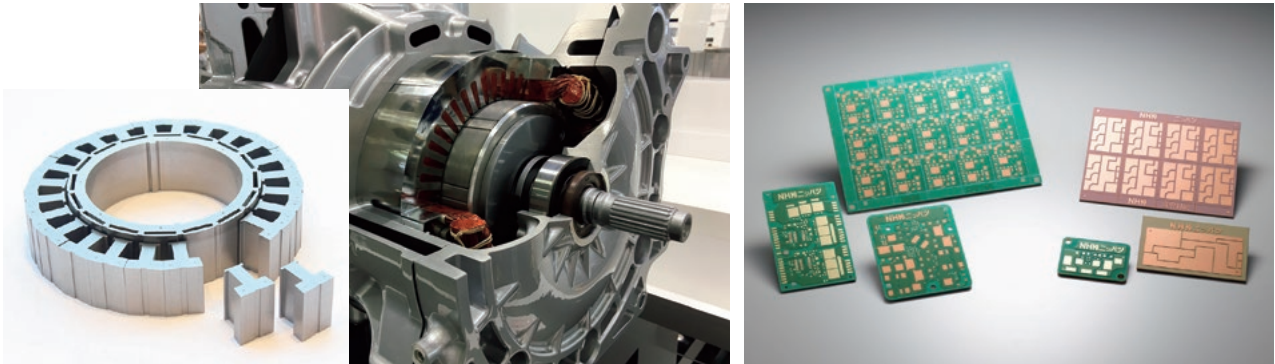
## Further Active Expansion in Japan

NHK Spring furthers active business expansion toward the development of an affluent society.

### Newly Established Electrification Business Promotion Department

NHK Spring set up the Electrification Business and Promotion Department as a new organization under the direct control of the President and Chief Executive Officer on April 1, 2018. When looking at CASE <sup>(Note)</sup> as a keyword to automotive innovation, we can best leverage the unique technology of NHK Spring in E (Electric). We had conventionally been manufacturing products for electric vehicles such as motor cores and Integrated Metal Substrate. Today, the new Electrification Business and Promotion Department aims to not only expand its product lines but also drive unique proprietary technologies as well as develop and produce next-generation products to differentiate NHK Spring from its competitors.

Note: CASE is an abbreviation from the first letters of Connected, Autonomous, Shared & Services, and Electric.



Motor core (pictured) and Integrated Metal Substrate in production at NHK Spring

### Newly Established Second Ina Plant

The Precision Spring & Components Division newly established a second Ina Plant. The new plant located next to our Group company NHK Flex in Ina City, Nagano responds to the increase in automotive precision spring production. On November 22, 2018, NHK Spring held a completion ceremony for the steel-frame, two-story building boosting a total floor space of 7,100 m<sup>2</sup> inviting the President & Chief Operating Officer Takashi Kayamoto, affiliates of the company and people from the local community. This plant began mass production on June 2019.



New Second Ina Plant



NHK Spring representatives attending the completion ceremony

### Newly Established Miyada Plant

Industrial machinery & Equipment Division newly established the Miyada Plant. The Miyada Plant was built on the premise of the second chemical products plant in Miyada located in Ina City, Nagano as the second site for parts used in the manufacturing of semiconductors produced at the Isehara Plant. Construction began in January 2018 and was completed in March 2019. The completion ceremony was held on June 5, 2019.



Completed Building at Miyada Plant

## Initiatives to Promote the Active Participation of Diverse Human Resources

This is the fourth year since NHK Spring began to employ top athletes in 2015. This spring we hired track and field athlete Haruka Nakano, who has proven herself two consecutive years in a row at the All Japan Inter University Track & Field Championships and strengthened designated athlete. She is the fourth track and field athlete to be hired by NHK Spring. Since the spring of 2016, NHK Spring has also been a major sponsor of the NHK Spring Yokohama FC Seagulls in the second division of Japan Women's Football League while also employing two soccer athletes (Mizuki Oshima/Mizuki Hirakuni).

In the 2018 track and field season, Kaede Miyasaka (triple jumper) and Yurina Hiraka (long jumper) won the Japan National Industrial Teams Championships while Kanae Tatsuta (pole vaulter) took second at the Mikio Oda Memorial International Amateur Athletic Games. These are just some of the magnificent performances by our athletes who competed worldwide. In soccer, the NHK Spring Yokohama FC Seagulls placed second in the second division of the Japan Women's Football League 2018 and advanced to the promotion and relegation match for a chance to move into the first division. Although the Yokohama FC Seagulls were not promoted to the first division, two of the NHK Spring athletes took part as core team members.

We actively employ human resources with superior intellect in a wide range of fields and support their active participation. Human resources with unique personalities who are experts in each of their fields have a favorable impact on the people around them. Diverse human resources help create new value and encourage a virtuous cycle in organizational activities of the company.

NHK Spring will always employ top athletes founded in these beliefs. The entire Group offers support to these top athletes to help realize self fulfillment through a life of athletics in addition to cultivating unity and enhancing the morale of employees in the future.



Left to right: Mizuki Hirakuni, Yurina Hiraka, Haruka Nakano, Kaede Miyasaka, Mizuki Oshima, and Kanae Tatsuta



Excellent athlete awards held by Kaede Miyasaka (left) at a gathering for Yokohama athletes and Yurina Hiraka (right). (January 2019)

\*Athletes affiliated with NHK Spring are introduced on the NHK Spring Athlete website.

<https://nhkspg-athlete.com/>



## Social Contribution Activities

### Junior Soccer School Held by NHK Spring

We held the NHK Spring and Asahi Shimbun Junior Soccer School in July 2019. Former Japan team member Tsuyoshi Kitazawa was invited as a coach with the support of NHK Spring Yokohama FC Seagulls in the Nadeshiko 2nd League athletes Mizuki Oshima and Mizuki Hirakuni (NHK Spring employees). The children filled the professional sports stadium running the field while following the passionate guidance of Tsuyoshi Kitazawa in a day packed with summer memories.



Junior Soccer School with the participation of 139 children

### Track and Field Clinic Held by NHK Spring

In January 2019, we collaborated with the Yokohama National University Sports Academy (YNU) to host the 3rd YNU-NHK Spring Running Long Jump and Triple Jump Clinic using the track and field facilities at Yokohama National University. We will continue to conduct these clinics as part of our social contribution activities as a way to cultivate future top athletes as well as help players who hope to heighten their skills in jumping events. On the day of the clinic, Kaede Miyasaka and Yurina Hiraka—NHK Spring athlete employees—took part as coaches. 71 junior high and high school students as well as visiting track and field coaches participated from Kanagawa.

\*NHK Spring conducts ventures to spread and revitalize various sporting for local communities thanks to the cooperation of Yokohama National University.



Participants from Kanagawa

### Commemorative Ceremony for Completion of the Yokohama National University Track and Field Straight Tracks

Yokohama National University refurbished the track and field straight tracks. Kaede Miyasaka and Yurina Hiraka train at the Yokohama National University track and field facilities. NHK Spring subsidized some of the costs for the renovation of the aged straight tracks as support toward a facility where these athletes could train without worry. The refurbishment of the straight tracks was completed at the end of September and a commemorative ceremony was held on October 5, 2018. Using the renewal as an opportunity, NHK Spring and Yokohama National University entered into a Sports Memorandum to facilitate even greater collaboration in the future. This partnership will contribute to society through sports.



Senior Corporate Officer Hidefumi Yoshimura (left) and Yokohama National University President Yuichi Hasebe exchanging the Sports Memorandum

## Television Appearances

In September 2018, NHK Spring employees Kaede Miyasaka and Kanae Tatsuta appeared on the Honoo-no Taiiku-kai TV TBS television program. Kaede Miyasaka and Kanae Tatsuta livened up the variety show through their sporting events while communicating the thrill of the triple jump and pole vault. This appearance improved employee motivation and also contributed to NHK Spring public relations.

# Global Group Network



Families of employees invited to the event to enjoy a party (NHK Spring Precision (Guangzhou))

## Overseas Group Companies (35)

### North and Central South America

#### NHK International Corporation Other

Main Activities : R&D of suspension springs and engineering services, sales and support of HDD components

#### New Mather Metals, Inc. Automotive suspension springs

Main Activities : Manufacture and sales of stabilizer bars

#### NHK of America Suspension Components Inc.

Automotive suspension springs Precision springs and components

Main Activities : Manufacture and sales of coil springs, trunk lid torsion bars, disc springs for transmissions

#### NHK Seating of America Inc. Automotive seats

Main Activities : Manufacture and sales of automotive seats, frames for seating and interior mechanical components

#### NHK Spring Precision of America Inc. Precision springs and components

Main Activities : Manufacture and sales of automotive engine valve springs and AT springs

#### Topura America Fastener, Inc. Precision springs and components

Main Activities : Manufacture and sales of various screws

#### NHK Spring Mexico, S.A.DE C.V. Automotive suspension springs Precision springs and components

Main Activities : Manufacture and sales of automotive suspension springs and drive motor cores

#### Rassini-NHK Autopeças Ltda. Automotive suspension springs

Main Activities : Manufacture and sales of leaf springs and coil springs

### Asia

#### NHK Spring (Thailand) Co., Ltd.

Automotive suspension springs Automotive seats Precision springs and components HDD-related parts

Main Activities : Manufacture and sales of automotive suspension springs, seats, interior components, precision springs, and HDD components

#### NHK Precision (Thailand) Co., Ltd. Precision springs and components

Main Activities : Manufacture and sales of brake discs, etc.

#### Autrans (Thailand) Co., Ltd. Other

Main Activities : Automotive and motorcycle component logistics

#### NHK Manufacturing (Malaysia) SDN. BHD. Industry and life related

Main Activities : Manufacture and sales of Integrated Metal Substrate

#### NHK Spring Philippines, Inc. Automotive seats Precision springs and components HDD-related parts

Main Activities : Manufacture of HDD parts, appearance inspections, sales of automotive seats, and blanking of chemical products (urethane, tape, etc.)

#### NHK Spring (China) Co., Ltd. Other

Main Activities : Investment support in China and support for integration, management, business expansion, etc. for group businesses in China.

#### NHK-Uni Spring (Guangzhou) Co., Ltd. Automotive suspension springs

Main Activities : Manufacture and sales of coil springs and stabilizer bars

#### FNK China Co., Ltd. Automotive seats

Main Activities : Development and sales of automotive seats and components

#### NHK Seating (Hubei) Co., Ltd. Automotive seats

Main Activities : Manufacture and sales of automotive seats

#### NHK Seating (Chongqing) Co., Ltd. Automotive seats

Main Activities : Design, manufacture and sales of automotive and related components and after service

#### Chongqing Qingling NHK Seat Co., Ltd. Automotive seats

Main Activities : Manufacture and sales of automotive seats, interior components, and automotive parts

#### NHK Seating (Zhengzhou) Co., Ltd. Automotive seats

Main Activities : Manufacture and sales of automotive seats

#### Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd. Automotive seats

Main Activities : Manufacture and sales of automotive seats

#### NHK Spring Precision (Guangzhou) Co., Ltd.

Precision springs and components HDD-related parts

Main Activities : Manufacture and sales of valve springs, compression springs, disc springs, and HDD-related parts

#### NAT Peripheral (Hong Kong) Co., Ltd. HDD-related parts

Main Activities : Manufacture and sales of HDD suspensions

#### NAT Peripheral (Dong Guan) Co., Ltd. HDD-related parts

Main Activities : Manufacture and sales of HDD suspensions

#### NHK Spring (Taiwan) Co., Ltd. Precision springs and components

Main Activities : Sales of microcontactor products

#### Uni Auto Parts Manufacture Co., Ltd. Automotive suspension springs Automotive seats

Main Activities : Manufacture and sales of leaf springs, coil springs, automotive seats, and interior components

#### NHK Spring India Ltd. Automotive suspension springs

Main Activities : Manufacture and sales of coil springs, stabilizer bars, leaf springs, and automotive seats

#### NHK Automotive Components India Private Limited Precision springs and components

Main Activities : Manufacture and sales of precision springs and components

#### NHK F. Krishna India Automotive Seating Private Limited Automotive seats

Main Activities : Manufacture and sales of automotive seats

#### P.T. NHK F. KBU Indonesia Automotive Seating Automotive seats

Main Activities : Manufacture and sales of automotive seats

#### P.T. NHK KBU Seating Automotive seats

Main Activities : Manufacture and sales of automotive seats

#### P.T. NHK Spring Indonesia Precision springs and components

Main Activities : Manufacture and sales of chain tensioners

### Europe

#### NHK Spring Europe B.V. Other

Main Activities : Business management, sales, and technical service in Europe

#### NHK Spring Hungary KFT. Automotive suspension springs

Main Activities : Manufacture and sales of coil springs and stabilizer bars



Members of our Chinese Group companies gather at Auto Shanghai



**Ibérica de Suspensiones, S.L.** Automotive suspension springs

Main Activities : Manufacture and sales of coil springs and stabilizer bars

**Domestic Group Companies (24)**

**NHK Sales Co., Ltd.** Other

Main Activities : Sales and import/export of automotive components, automotive springs, industrial machinery and components, precision springs and hybrid function components, fasteners, materials, data devices, machined components, and industrial equipment and components

**NHK Transport Co., Ltd.** Other

Main Activities : Motor truck transport, cargo transport and handling, warehousing, packaging, machinery installation, overseas import/export handling

**Nippatsu Service Co., Ltd.** Other

Main Activities : Sales of petroleum, petroleum products, chemical products, automotive components and automotive products; sales of chemical products and pressurized gas; total building management, security service, construction of ancillary facilities; accident and life insurance; real estate, construction business, cleaning service

**G.L.G. Co., Ltd.** Other

Main Activities : Operation of golf driving ranges

**NHK Spring Production Company** Automotive suspension springs Industry and life related

Main Activities : Manufacture and sales of automobiles and automotive related items

**Sumihatsu Co., Ltd.** Automotive suspension springs Industry and life related

Main Activities : Manufacture and sales of leaf springs, clip bands, coil springs, balancers, automotive torsion bars, turnouts and crossings, rail clips, and synthetic rail ties

**Horikiri, Inc.** Automotive suspension springs

Main Activities : Manufacture and sales of springs of all types

**NHK Spring Kyushu Co., Ltd.** Automotive suspension springs

Main Activities : Manufacture and sales of automotive coil springs and stabilizer bars

**Tohoku Nippatsu Co., Ltd.**

Automotive suspension springs Automotive seats Precision springs and components

Main Activities : Manufacture and sales of coil springs, precision springs, wire springs, and automotive seat components

**Ites Co., Ltd.** Automotive seats

Main Activities : Manufacture and sales of automotive seats and interior components

**Faurecia-NHK Co., Ltd.** Automotive seats

Main Activities : Development and sales of automotive seats

**Faurecia-NHK Kyushu Co., Ltd.** Automotive seats

Main Activities : Manufacture and sales of automotive seats

**NHK Seating Mizushima Co., Ltd.** Automotive seats

Main Activities : Manufacture of automotive seats and interior components

**Sindai Co., Ltd.** Automotive seats Industry and life related

Main Activities : Design, manufacture and sales of automotive components, metal components for furniture, manufacturing machines for automotive components and jigs

**NHK FLEX Co., Ltd.** Precision springs and components

Main Activities : Design, manufacture and sales of automotive components and industrial machinery

**Ayase Seimitsu Co., Ltd.** Precision springs and components

Main Activities : Manufacture and sales of precision springs

**Tokuhatsu Co., Ltd.** Precision springs and components

Main Activities : Manufacture and sales of spring washers, snap rings, clutch plates, timing leaf springs, etc.

**NHK Precision Co., Ltd.** Precision springs and components

Main Activities : Manufacture and sales of screw tools, automotive components, data processing equipment components, and precision industrial components

**NHK Parking Systems Co., Ltd.** Industry and life related

Main Activities : Planning, design, manufacture, sales, installation, leasing, maintenance, and renovation of automatic multi-level parking garage systems; manufacture, sales and design of parking garage ancillary equipment

**NHK MEC Corporation** Industry and life related

Main Activities : Manufacture and sales of marine and industrial mechanical remote control boxes, control cables, electronic remote control systems, steering systems and foot pedals

**Nippon Shaft Co., Ltd.** Industry and life related

Main Activities : Manufacture and sales of golf shafts, metal baseball bats, etc.

**Topura Co., Ltd.** Precision springs and components

Main Activities : Manufacture and sales of automotive screws, bolts, and general springs

**Yokohama Kiko Co., Ltd.** Industry and life related

Main Activities : Development, manufacture and sales of a variety of lighting systems

**Nippatsu Harmony Co., Ltd.** Other

Main Activities : Cleaning and greening of building interiors and exteriors, sorting and collection of general waste, auxiliary manufacturing

**Legend**

<span style="color: red;">Automotive suspension springs</span>	Coil springs, leaf springs, stabilizer, torsion bars, bellows, and accumulators
<span style="color: blue;">Automotive seats</span>	Automotive seats and interior components
<span style="color: green;">Precision springs and components</span>	Valve springs, microcontacter units, lock hinges, screws, bolts, and motor core
<span style="color: orange;">HDD-related parts</span>	Suspension and HDD mechanical components
<span style="color: purple;">Industry and life related</span>	Semiconductor process components, ceramic products, pipe support products, polyurethane products, Integrated Metal Substrate, parking systems, security-related products, sporting goods, lighting systems, marine products, railway-related products, and construction-related products
<span style="color: black;">Other</span>	R&D, regional headquarters and business and management support, transport service, parts of all types, sales and import/export of equipment, various services, and golf driving ranges

## NHK Spring Group's CSR Philosophy

As organizations expand businesses globally, initiatives to resolve a wide range of social issues widely present in society while clearly fulfilling Corporate Social Responsibility (CSR) is vital to win trust as a member of the international society. This is why we have defined important policies related to statutory and ethical behavior to follow as a corporate group. The NHK Spring Group is committed to engaging in the five declarations below throughout the Group globally.

### NHK Spring Basic Global CSR Policy

We will utilize our strengths in an effort to resolve the broad range of social issues widely present in society. The basic policy below outlines an action plan to accomplish this mission.

**1. Ensure transparency**

We shall always ensure transparency in corporate activities influential to society, the environment, and the economy.

**2. Act ethically**

We will not only obey international norms as well as laws and regulations of countries where we do business but also act ethically.

**3. Preserve the global environment**

We will do everything in our power to preserve the global environment.

**4. Nurture people**

We will protect human rights, advocate diversity, care for others, and nurture people.

**5. Engage globally as a Group**

The NHK Spring Group will incorporate this basic policy as a whole and engage in CSR activities on a global basis.

In May 2017, we established the Employees Code of Conduct based on the Basic Global CSR Policy to encourage NHK Spring executives and employees to act ethically as well as outline both actions that are ethical and those that are prohibited by law. We also bundle and clarify the actions advocated to employees in the NHK Spring Way to accomplish the mission of the NHK Spring Group.



The NHK Spring Way embodies the essence of the guiding principles and corporate philosophy.

## Message from the Chairman of the CSR Committee

### Realizing a Sustainable Society



**Toru Sugiyama**  
Chairman, CSR Committee  
Executive Vice President  
Member of the Board

Our mission is to contribute to the development of an affluent society through an attractive corporate identity, and the company's guiding principles and corporate philosophy form the basis of our management policy in pursuit of that mission.

Through dialog with all of the many stakeholders surrounding NHK, including our shareholders, investors, customers, business partners, employees, and local communities, we are working to solve wide-ranging social issues as a trusted company that meets stakeholder expectations by building innovative products in each of our primary business fields—automotive, telecommunications, industrial, and lifestyle. We are strengthening corporate governance to ensure that we continue sound business activities, and we aim to increase corporate value from a

medium to long-term perspective. Toward that end, we are comprehensively raising awareness of compliance and enhancing an effective risk management system to facilitate higher recognition of compliance throughout the Group. We always respect human rights and promote a diverse workplace where employees can thrive. In addition, we actively encourage global and local environmental conservation in line with NHK Spring guidelines and action plans created to foster coexistence and harmony with the global environment in our corporate activities.

We established the CSR Basic Policy for the NHK Spring Group worldwide in June 2016 and updated the Employees Code of Conduct in May 2017 to encourage ethical business practices by executives and employees and clarify what type of actions are prohibited by law and company regulations. The fiscal 2019 management policy solidifies a targeted approach to promote and recognize the importance of corporate ethics, and we will always make every effort to comply with laws and regulations in order to continue to be trusted by all our stakeholders.

NHK Spring Group companies are located in many regions of Japan and overseas. As our circle of existence expands from regional communities to the world at large, we are working as a Group to solve social issues globally from the perspective of medium to long-term management strategies.



# Corporate Governance

We have established a system of governance, to ensure that we conduct our business in a proper manner.

## Basic approach to corporate governance

NHK Spring maintains sound management while aiming to heighten corporate value from a medium to long term perspective by building organizational systems and structures for management and introducing necessary measures.

Moreover, we have included the five points below to realize these objectives as basic policies.

1. We ensure the rights and equality of our shareholders while striving to put in place an environment that allows them to properly exercise those rights.
2. We work to sustain a good relationship by fulfilling our responsibility as a company to stakeholders involved in NHK Spring, including our shareholders, customers, partners, local communities, and employees.
3. We appropriately conduct disclosure based on the law while also independently striving to provide information other than that required by law.
4. We focus on evaluating agenda items according to the expert knowledge and experience of each of our directors on the Board of Directors to determine the best policies for management. We monitor the business management trends in addition to actively discussing even the management issues derived from those agenda items in an effort to execute the role of our directors and our responsibilities properly as the Board of Directors.
5. We work to conduct an appropriate dialogue with our shareholders. We also strive to raise awareness and share information according to feedback received by our managers and directors such as the opinions of our shareholders gathered through this dialogue.

## Corporate Governance

NHK Spring utilizes the General Meeting of Shareholders and the Board of Directors as decision-making bodies. We adopted an executive officer system in 2005 and, as of June 27, 2018, have seven directors (including two outside directors). We also started appointing outside directors in 2015 to ensure the validity of decisions made by NHK Spring management in addition to the

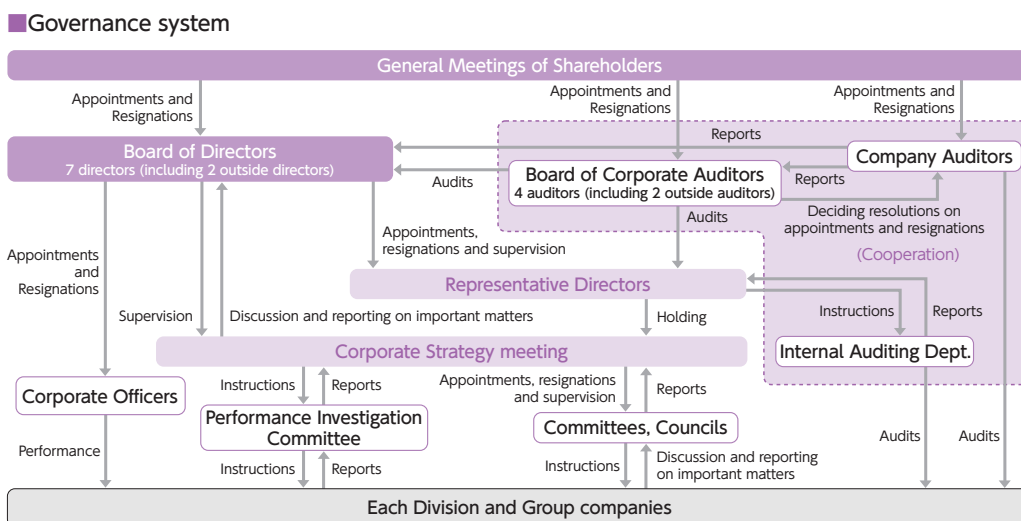
effectiveness in audits of that management.

NHK Spring utilizes the Board of Managing Directors and each committee as deliberative bodies. The Board of Managing Directors in particular is made up of a director, full-time corporate auditor, and the managers of each production and business division to facilitate an exchange of ideas between a small group of people. As an auditory body, the Board of Corporate Auditors has appointed four corporate auditors—two of whom are outside corporate auditors—as of June 26, 2019.

## Basic Policies of the Internal Control System

Our Group established the Internal Control System around the following:

1. Build a system that defines the legal regulations and corporate ethics all of our executives and employees must follow and promote compliance.
2. Refuse to engage in antisocial behavior and clearly state that there is no relationship with any antisocial forces such as organized crime as well as educate and raise employee awareness.
3. Identify risks related to Group companies and corporate activities as well as promote the prevention of those risks in advance through defined countermeasures.
4. Adopt a corporate management system for the purpose of efficiently expanding, checking and revising important measures at NHK Spring as well as some Group companies.
5. Understand the state of management of Group companies as necessary by deploying directors and auditors to Group companies and put in place a system to prevent unfair and inappropriate dealings.
6. Establish a system to provide immediate reports related to important issues and issues that influence legal matters, management and business performance by having auditors attend Corporate Strategy meetings and strategic management conferences at NHK Spring as well as Group companies.
7. Exchange opinions regularly and as necessary between the President & Chief Operating Officers, accounting auditors, the Internal Auditing Dept. and Audit & Supervisory Board Members at NHK Spring and Group companies to ensure effective auditing.



\*The number of directors and auditors is current as of June 26, 2019.

## Compliance

Each individual employee strives to conduct himself in accordance with compliance.

### Initiatives for Compliance

While we naturally comply with the law, we also genuinely meet the various demands society makes on us. Compliance is a major element of how we do business. The system is built to promote CSR under the supervision of the President & Chief Executive Officer as the ultimate responsibility in compliance with the Chief Corporate Officer of the Corporate Planning & Control Division responsible for each Compliance Officer providing guidance while the CSR Department in the Compliance Division acts as the promotional secretariat to realize compliance management. Moreover, our Employees Code of Conduct defines the legal regulations and corporate ethics all of our executives and employees must follow. We thoroughly raise awareness about compliance not only in Japan but overseas by sharing our President's messages on antitrust compliance and prohibition of bribery as well as various training for our employees, including Group companies in Japan and overseas to promote compliance activities at a global level.

In fiscal 2018, NHK Spring held antitrust compliance training a total of 14 times for every employee in a sales role. Even at our overseas Group company NHK Spring Thailand, we conducted training on the prohibition of bribery. In addition, we regular broadcast compliance communications and compliance news every month as information that plays a role in preventing compliance violations. We publish a President's message every November in the NHK Spring Ethics Monthly and strive to shine a light on compliance throughout the entire Group through efforts such as displaying posters and planning various events while



Training on the prohibition of bribery at NHK Spring Thailand

raising awareness about compliance in the workplace.

Furthermore, we have established a system for employees of NHK Spring as well as Group companies in Japan to consult about or report internally their concerns. We have put in place a compliance hotline to handle reports anonymously with the internal legal department and external legal firms with no conflicts of interest with the company and distribute compliance cards that include the contact information for this hotline. We are also introducing this same system at overseas Group companies, including those in North America, China, and Mexico.

### VOICE



Ryohei Mukai  
CSR Department

### To heighten compliance awareness of each employee

Awareness of compliance in each and every employee is indispensable in achieving compliance management. In the CSR Department, we work to improve compliance awareness of our Group employees such as conducting new hands-on training in a group work format. We also regularly distribute compliance communication and compliance news, broadcast information via a company magazine as well as conduct stratified training for employees such as new graduates and management as a way of fostering awareness about what actions will violate compliance on a daily basis. In particular, we engage in training that covers specific cases as much as possible as convincing material to persuade each and every person who takes part in the training. In the future, we will continue to execute measures in many forms for even more compliance training that hits close to home.

## Risk management

We have a risk management system in place to deal appropriately with the various types of risk confronting us.

### Risk management organization

Company risk is not limited to natural disasters; it includes many events that could occur unexpectedly. As part of our social responsibility, we have established risk management standards and a risk management system including building organization and rules to appropriately respond during emergencies to prevent the occurrence of and minimize damage caused by unexpected risks.

We are constantly looking for ways to improve our processes so that each employee can have a deeper understanding of risks in their daily work and therefore respond quickly to the occurrence of unexpected risks as well as work toward early resolution or mitigation.

### Responding to risks

In addition to disaster reduction measures, we have also formulated a Business Continuity Plan (BCP) and are conducting training so that employees know what to do after the occurrence of a natural disaster until the Business Continuity Plan (BCP) takes effect.

When an emergency occurs in Japan or overseas, a Crisis Management Team will be quickly established in the area(s) where the emergency has occurred and the Headquarters Crisis Management Team will be activated at Head Office to manage and control the situation as quickly as possible.

## Business Continuity Management (BCM)

The NHK Group BCP Basic Policy and NHK Group BCP Guidelines are distributed to all NHK Group companies worldwide. We are also currently developing our Business Continuity Management (BCM) system. When an emergency occurs, directly affected and related departments will convene at the countermeasure office and work together under the command of the chief officer to quickly mitigate and begin to control and recover from the emergency.

We also conducted initial response drills at the head office, each plant, and Group companies in Japan assuming a massive earthquake as well as training for Business Continuity Plans (BCP) to ensure business is rapidly recovered and maintained a total of 14 times in fiscal 2018. These training programs enhance our initial response and business response capabilities. We revise our BCP and manuals to provide more practical crisis response according to a review of these drills with the objective of improving our risk management system.



Initial response team of the Headquarters Crisis Management Team at the head office

## Ensuring information security

NHK Spring and all Group companies, based on the NHK Spring Group Security Management Policy as the standard for preventing the unauthorized disclosure of information relating to transactions with customers and suppliers and personal information that includes the Japanese social security number of our employees, aim to provide information security through the management and operation of these standards and procedures.

The guidelines apply to the executives and employees of NHK Spring and its Group companies and the employees of contractors (including temporary and part-time employees). The Group assesses our intellectual property for importance, and classifies and properly manages it according to what is involved and its degree of confidentiality. We also adopt the proper technological measures such as communication log analysis as measures against targeted threats and ransom software, and we are involved in activities to prevent leaks, destruction, modification and inappropriate use of confidential information.



We have created e-learning courses on information security to raise awareness through employee training

### VOICE



**Atsushi Negishima**  
Assistant Manager, CSR Department

#### Promoting a maintenance, update and management system for effective BCP

NHK Spring promotes not only the maintenance and update of Business Continuity Plans (BCP) but also a management system to minimize the various risks inherent to unforeseen incidents, such as earthquakes, floods, and other natural disasters that have been occurring more frequently in recent years.

Specifically, we examine measures on how to recover and continue business through the insight of all relevant persons by assuming cases in which employees, equipment, and suppliers are affected. We also strive to extract and address any problem points in the BCP and raise employee awareness through the initial response drills and business continuity training to verify the effectiveness of the BCP that has been formulated.

Each site has built a unique management system for the purpose of establishing a strong framework able to stand up to risk at the NHK Spring Group as a way to live up to the expectations of our stakeholders.

### VOICE



**Motoo Yamagami**  
Manager, Information Systems Department

#### Promote information security throughout the Group

Information security is not only essential to ensure the trust of stakeholders including customers, but is also considered to be important in supporting a safe and secure social life. Our information security management is advancing based on the NHK Spring Group Security Management Policy. More specifically, we implement organizational measures such as security tool technologies and personnel measures such as e-learning education. We also have advanced persistent threats training in an effort to further strengthen and ensure information security.

The Information Systems Department conducts IT controls, informational security audits, evaluates and reduces IT risks, and continually engages in activities to sustain sound IT practices. We are building and establishing IT governance throughout the entire NHK Spring Group, including overseas Group companies.

# Shareholders and investors

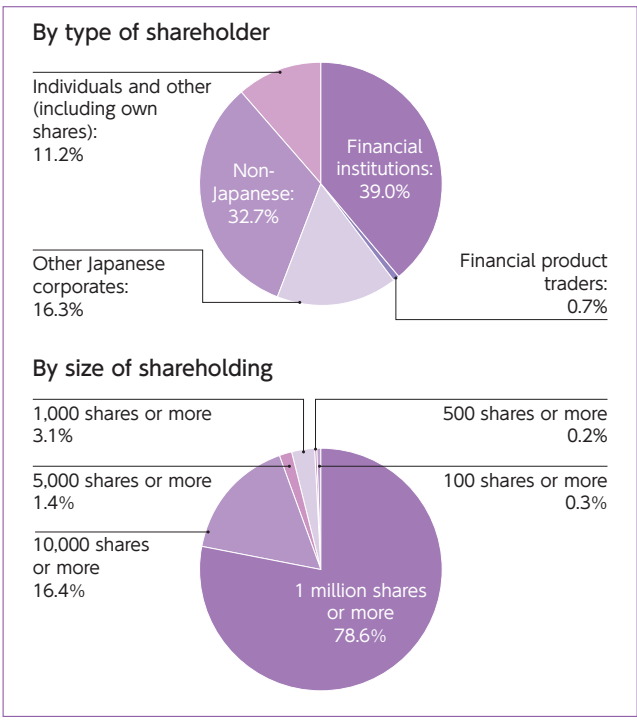
We believe that timely disclosure of the position and finances of NHK Spring is the key to support from shareholders and investors over the long term, and we strive to implement this.

## Shareholder information and breakdown of shareholdings

Inquiries from shareholders are handled by the General Affairs Department. (Shareholder Register Custodian is Mitsubishi UFJ Trust Bank)

The graph below shows the breakdown of shareholders.

### Breakdown of shareholdings (As of March 31, 2019)



easy-to-understand manner.



**WEB** URL of Investor Information page  
<https://www.nhkspg.co.jp/eng/ir/>

## Disclosing information for investors

We hold briefings for analysts and institutional investors after the release of our half-yearly and full year accounts. In fiscal 2018, we held two briefings in May and November. We will continue to make every effort to release information to analysts and investors.

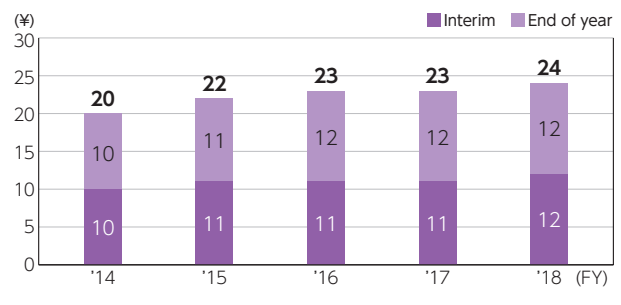


Briefing after release of accounts

## FY 2018 Return of Profit

Performance in fiscal 2018 is available in the Financial Highlight (P8-11). Dividends for this term were ¥24 per share (yearly) to continue long-term stable payout to all of the shareholders.

### Change in amount of dividends paid



## Dissemination of IR Information

NHK spring publishes business and NHK Spring reports (Japanese\English) and releases the latest information through press releases and the corporate homepage to bring understanding about the company in shareholders and investors. We also strive to provide comprehensive information quickly to everyone from the introduction of NHK Spring businesses and operational changes through illustrations and photographs as well as communicating our core technologies and strengths in an

## VOICE

**Hisahiro Yamaoka**  
 Nomura Securities  
 Equity Research Department  
 Vice President



### NHK Spring's strength is their vast technological capabilities in springs

I work as a securities analyst in charge of the automotive components industry and provide information to institutional investors worldwide through reports and other mediums. I create business prospectus based on financial information such as NHK Spring financial summaries and the fact book. I also participate in financial results briefings and plant tours and have opportunities to investigate and discuss the current state and future potential of NHK Spring.

I believe NHK Spring's strength is their vast technological capabilities in springs. The Group brings their technological capabilities to each product for HDD suspensions and industrial devices, including automotive suspension springs, seats and precision springs. Even on the production front, the ongoing efforts to enhance plant productivity gives me confidence.

In the future, I hope to see a higher number of orders and improved profitability in American and European regions. I think NHK spring can achieve next-level growth if it can expand orders because the Group has built a solid position in Japan and as a business for Japanese automotive manufacturers.

# Human Rights

## Approach to Human Rights

NHK Spring states its commitment to protect human rights, advocate diversity, care for others, and nurture people in the NHK Spring Basic Global CSR Policy and works to take the actions below.

### 1. Respect human rights

We will respect human rights in all of our business activities and take no actions to harm the character or dignity of any person by recognizing the morals and principles of each individual.

### 2. Prohibit discrimination

We will never discriminate based on nationality, creed, gender, social status, religion, age, or mental or physical disability.

### 3. Prohibit child and forced labor

We will never allow any type of child labor or forced labor in any of our business activities.

## Initiatives to Promote the Active Participation of Diverse Human Resources

NHK Spring states its commitment to contribute to the development of an affluent society by always taking new approaches and fostering growth with action in the corporate philosophy. As a means to follow through with this commitment, we will promote a wide range of initiatives for the purpose of helping each and every person fully utilize their character and skills regardless of age, gender, nationality or disability.

### Participation in Woman Act Kanagawa Prefecture Initiative

As a company deeply rooted in Kanagawa actively promoting the active participation of women, NHK Spring has been involved in the Woman Act Kanagawa Prefecture Initiative since September 2016. We engage in activities to reform social senses, such as sending lecturers to prefectural high schools through the Kanagawa Women in Sciences Encourage Program while striving to support the active participation of female employees according to the General Employer Action Plan for the Act on Promotion of Women's Participation and Advancement in the Workplace. The movement expansion meeting held every year by Women Act deepens interactions with other member companies while introducing initiatives of each company and providing an exchange of ideas about promoting the active participation of women.



All member companies at the Women Act movement expansion meeting held on November 22, 2018; Senior Corporate Officer and Human Resource Manager Hidesumi Yoshimura is third from the left in the back row.

Transport, both group companies, have been working as special group subsidiaries toward improving the employment ratio of those with disabilities.

### Change in employment rate of people with disabilities (%)

	FY2015	FY2016	FY2017	FY2018	FY2019
Employment rate	2.14	2.10	2.28	2.34	2.29

As of the end of March 2019, these companies have established six offices—three in Kanagawa Prefecture, two in Nagano Prefecture, and one in Shiga Prefecture—where 66 people with disabilities are working delightfully. In fiscal 2018, 54 people from local special education schools and corporations participated in training. A total of 297 people from various corporations, schools, and related government officials visited and toured our facilities.



Cleaning an NHK Spring corporate vehicle

### Employing the people with disabilities

Our company group aims for the people with and without disabilities to work together for 'achieve potentials,' 'becoming an independent member of society,' and 'coexisting with society.'

We established Nippatsu Harmony Co., Ltd. as a Special Subsidiary Company in April 2002 to employ people with disabilities, as a corporate social responsibility and contribution to local communities. Since March 2009, NHK Sales and NHK

### Holding LGBT (sexual minority) seminars

NHK Spring held an LGBT seminar for management in charge of general affairs in December 2018. Participants listened to external lecturers instruction and learned about the proper treatment and correct information about LGBT to gain a greater depth of understanding to build a workplace friendly to everyone.

## CSR Procurement

### Basic procurement policies

We follow three basic principles in procurement: building long-term partnerships based on mutual trust; fair, equitable and open procurement; and compliance with the law and maintaining confidentiality.

#### Basic Policies for Purchasing Supplies

- Building long-term partnerships based on mutual trust  
We aim to build long-term relationships of trust with our favored partners through fair dealings in which both parties do their best. This way we can grow together.
- Fair, equitable and open procurement  
We are open to all suppliers, regardless of country of origin, size or affiliations. We select our suppliers on the basis of quality, price, delivery times, service, and technical and developmental capacity.
- Compliance with the law and maintaining confidentiality  
We observe the law and relevant social norms in procurement. We do not make any unauthorized disclosures to any third party of any confidential information we may acquire about our suppliers.

### CSR Procurement Guideline

Recent social trends expect companies to strengthen their activities on social responsibility as a company (CSR), triggered by corporate scandals, employment and labor issues becoming more obvious due to financial crisis, and environmental issues. Therein, we ask all of our partners to understand our CSR activities and strive to fulfill CSR not only at NHK Spring but also throughout the entire supply chain. We formulated the CSR Procurement Guideline as part of these activities.

### Green procurement

We have established Green Procurement Guidelines based on our basic procurement policy, which means that we try to buy low environmental impact products from organizations that care for the environment. With the cooperation of all of our partners, we are reducing the environmental burden including waste, while promoting management of substances that impact the environment throughout every stage from the design to the production and disposal of products.

The content was fully updated in October 2019 as contact in the supply chain of chemical substances and legal compliance overseas becomes more and more important.

### Addressing conflict minerals

In recent years, mineral resources mined in regions around the Congo in Africa bring concerns about the potential of improper mining or sources from armed militia responsible for issues such as violations to human rights or the destruction of the environment. A provision on conflict materials included in United States financial reform law enacted in 2010 defines tantalum, tin, gold, and tungsten as conflict minerals and obligates corporations listed on American stock exchanges to disclose information related to the use of conflict minerals in their products with the ultimate goal of eradicating the use of minerals which leads to participating conflict financially.

NHK Spring agrees with the United States financial reform law from a CSR standpoint in the procurement of raw materials and parts that contain conflict minerals. We collaborate with our customers and suppliers to advance efforts to ensure no improperly mined conflict minerals are used.

## VOICE

### A long-time steel material procurement partner



**Taro Akasaka**  
Metal One Corporation  
Managing Executive Officer,  
Division COO,  
Wire, Specialty Steel &  
Stainless Steel Division

Metal One is a general steel trading company that supplies various steel materials for products such as automotive suspension springs, seats and precision springs to NHK Spring. The strength of our company is our global network and ability to maximize informational capabilities. The provision of services such as a stable supply of steel materials and efficient logistics builds a cooperative system to promote NHK Spring businesses.

Since the founding of NHK Spring, Metal One has continued to do business with the Group as a steel procurement partner at a time when Sojitz Corporation, which is a shareholder of both Metal One and NHK Spring, was still the Nissho Iwai Corporation. In the future, I hope we can build an even stronger relationship

with NHK Spring while supporting their growth and global expansion.

The strengths of NHK Spring is the establishment of a supply system built in each region from a global perspective as embodied by the corporate philosophy at the beginning of this report. As automotive demand continues to catch up to the expectations for dramatic growth worldwide, I think the construction of local production and product supply systems as soon as possible is a great example illustrating the results of activities founded in the corporate philosophy.

The mission of Metal One is to provide assistance from the standpoint of a steel supplier for material procurement for local NHK Spring production sites overseas. We expect to grow together with NHK Spring in the future while adapting to the various needs of NHK Spring with matching the changing business environment.

# Labour Practices

## Employment and training of human resources

### Basic approach to employment

NHK Spring advocates growth through innovative ideas and practices. We extensively search for employees who have the desire to take on challenges and overcome problems through teamwork, while maintaining their individuality.

#### Ideal Human Resources

Has an interest in new things, and resolutely meets challenges

Views matters from various perspectives

Recognizes the individuality of co-workers and sets goals together

With regards to diversity of human resources, we have set targets for hiring women and non-Japanese employees and we also promote the hiring of disabled staff through special subsidiary companies. In our mid-career recruitment, we actively employ human resources with excellent abilities in a wide range of fields such as top athletes and support their active participation.

### Human resources development

As part of efforts toward sustainable growth, our human resource development seeks to improve the quality of both our human resources and capability of organization as a whole.

For example, we clearly define the desired mindset and actions for each employee to understand the corporate mission and demonstrate this through their conduct. As a result, the image of an ideal employee can be set in detail and skill development training is held based on targets set each year.

The training each person receives includes group training, which is divided by each level of the organization as well as job type and skill level, and foreign language and cultural training. We also proactively support external training such as overseas training opportunities and distance education. We work towards developing our human resources under the philosophy that individuals who want to grow will develop through the power of the organization and the support provided by the human resources system.



Abstract class theme for teachers and students in a game format

### Recruitment

In recruitment, we conduct our own recruiting sessions, and we make every effort to send recruitment staff from our Human Resources Department to attend sessions organized by schools.

Young employees take part in recruiting sessions as recruiters to create a place for open discussions with students. The students are able to hear directly from the employees who are actually working at the company to get an idea of the corporate climate and atmosphere at NHK Spring. These activities help bring an image to mind of corporate life after recruitment. We provide information on the recruitment website, and we have links to our recruitment page on our main website. We are also expanding promotional activities such as putting up advertising posters aimed at new graduates in railway stations in addition to advertising on school lunch trays.



Company briefing given by our recruiters



Recruitment page on our website



PR on school lunch trays

## VOICE

Koichi Kawasaki  
Manager  
Development Department,  
Research & Development Division



### Contributing to research results after acquiring an academic degree

I was able to conduct research on mechanical systems at the Tokyo Denki University Graduate School of Science and Engineering while working at NHK Spring through the use of the Doctorate Plan human resource development program. In March 2019, I passed the final exam of my doctoral course (last term) and was able to acquire my degree as a Doctor of Engineering. Several years ago, I heard about the NHK Spring program to acquire a doctorate from graduate school from my on-site supervisor, who recommended me to enter the school. I faced a series of difficulties during the course of research, but I am very happy I was able to complete my doctoral dissertation without any problems and receive my degree as a result of the hard work to stay focused on the goal until the end. In the future, I will dive deeper into this research to use the results in a way in which can contribute to the NHK businesses. I also introduce this program to junior employees below me with the hope of illustrating self-motivated research endeavors and encouraging a challenging spirit.

# Smart Work Project

## Smart Work Project: NHK Spring Work Style Innovation

We began the Smart Work Project as a work style innovation initiative in fiscal 2018 by prioritizing a safe, secure company as well as an enthusiastic and work-friendly environment above all else.

We believe the establishment of an environment which furthers operational efficiency and the active participation of diverse human resources helps the growth of each individual and the development of our company while prioritizing better physical and mental health of employees. Since fiscal 2018, we have been selecting committee members from the head office and each division to introduce case studies of efforts to drive operational efficiency and provide progress reports of plans. These efforts primarily review meeting structures, conduct trials of telework programs for management as well as set fixed times for the end of the work day and the time for all employees to leave the office. Currently, we are taking advantage of technology to automate some standard work processes conducted by people on computers through software (RPA) to improve operational efficiency.



Promoting greater use of video conferencing systems



Company-wide enlightenment activities through posters (the picture is of the NHK Spring President)

## VOICE



Rina Matsuoka  
Assistant Manager,  
Information Systems Department

### Aim to automate standardized tasks

RPA is an abbreviation using the first letters of Robotic Process Automation. This technology automates standardized tasks done by people on computers through software. In Japan where work style innovation is booming, the use of RPA is garnering great attention as a new labor tool to supplement the declining working population for manufacturing.

Excel macros are a conventional technology to automate operations, but the available scope of automation is limited to operations in Excel. On the other hand, RPA can automate tasks across multiple applications and systems if the operations are executed on a computer. RPA is proficient in fields such as aggregation and processing, form creation and output, input and registration as well as search and extraction. For example, RPA can automate a process such as logging into a system, downloading data, and then aggregating and processing data in Excel.

In the future, I expect automation of regular tasks through RPA will allow people to focus on highly creative tasks that can only be done by a human. NHK Spring currently has five robots in operation and plans to continue to further adopt the technology because of the proven effectiveness.

# Workplace health and safety

## Occupational health and safety initiative

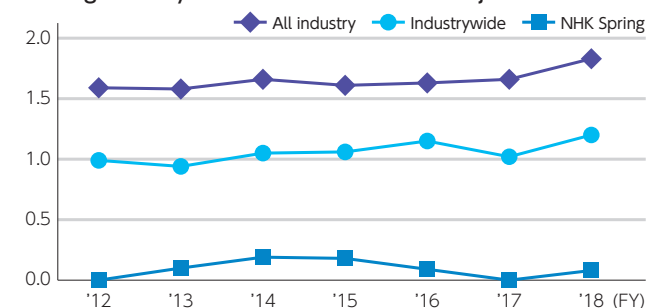
We introduced a Workplace Health and Safety Management System in fiscal 2000, and it was rolled out Group-wide in fiscal 2003. We have taken the following measures to eliminate workplace accidents to achieve zero hazards:

- **Appropriate Actions of Top Management:** Promote powerful health and safety activities through top management in each workplace.
- **Risk assessment:** Method to find, mitigate, and eliminate potential dangers and hazards in workplaces.
- **Risk prediction:** Activity to prevent labor accidents before they happen by increasing sensitivity toward risks.
- **Health and safety training:** Training to obtain knowledge of dangers and hazards to prevent labor accidents before they happen.

The rate of days lost through injury has been lower than the average for all industry and manufacturing industry in recent years.

Going forward, we intend to apply the PDCA cycle to the occupational safety and health management system for continual further improvement.

### Changes in days lost due to work-related injuries



The rate of days lost is represented by rate of injuries or disasters per one million hours.



# Promotion of Better Health

## Initiatives to improve health

NHK Spring believes an enthusiastic workplace where employees can continue to work with a healthy mind and body helps enhance sustainable corporate value. This is why we work in activities to sustain and promote better employee health. We set up the Central Health Promotion Council (Chairman: Executive Vice President) in fiscal 2017 to promote even better health organizationally as a committee under the Central Health and Safety Council, which is the highest authority in promoting health. This council confirms the policies on Group-wide health measures and the progress of implementation in addition to tasks such as examining the implementation items. Furthermore, at each business site, we appoint health promotion committee members and health promotion managers to advance various health measures. As a target to achieve in promoting health by fiscal 2018, we have set an appropriate weight to 20% or less above BMI25 and a blood pressure rate at all of our business establishments to 13% or less to reduce the number of employees facing these issues. More specifically, we are providing more opportunities for exercise by handing out activity scales to employees, visualizing the status of health by setting up body composition scales and manometers, and have introduced activities such as food efforts that use the cafeteria at each business site. Despite not reaching the fiscal target, results improved compared to the previous fiscal year with six of the 13 business sites improving in BMI and four business sites improving in blood pressure.

We are not only conducting mental health measures that include support for high stress workplaces using stress checks and ongoing individual follow-up with persons who exhibit high levels of stress, but are also continually providing education, such as e-learning self-care training and group line care training for management and supervisors. As a result, the number of business days loss declined 10% compared to the previous fiscal year. The NHK Spring Group promotes health management at each Group company and believes promoting the mental and physical health of employees is vital as one aspect of work-style innovation. In March 2018, the presidents of each of these Group companies jointly signed the NHK Spring Group Health Declaration to unify Group companies with the health insurance company in the promotion of health measures.



Visualizing the level of health by setting body composition analyzers and blood pressure meters

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The NHK Spring Group Health Declaration to unify Group companies with the health insurance company in the promotion of health measures.

### Holding workplace walk events as a health status visualization program

As part of our program to visualize the health status of our employees, we are expanding measures for employees to take voluntary action while having fun. The managers at each business site have joined together in this program to promote these measures by setting a 15% measurement ratio and 60% transmission ratio as an index for evaluation.

Every year, the Group holds a walking event in Japan and

overseas in which employees walk a virtual course as well as a point event where employees can enter a prize lottery by earning points according to their number of weigh-ins and number of steps. Workplace walk events were held four times in fiscal 2018. 1,200 people participated as of May 2019, which is equivalent to 20% of all NHK Spring employees.

These events ask employees to make teams with the people around them to compete against other departments they are involved with on a daily basis, which generates better communication, such as mutual questions about the number of steps the day before or whether their department is ahead of another. Moreover, by creating walking and weighing habits through



these types of events, our employees can expect to know and improve their health as well as mitigate medical costs.

Increasing employee motivation through a drawing for prizes in walking events

### Holding pleasant sleep seminars

We held a pleasant sleep seminar in fiscal 2018 under a theme to improve the quality of sleep. Approximately 200 employees throughout the entire company participated.

This seminar provided insight on the impact of sleep on both mental and physical health, the mechanism of sleep and the benefits of improving sleep quality.



Employees who were unable to take part in the seminar were even able to participate through an online video.

Holding seminars to teach about sleep at each business site

### Holding stretching clinics

The stretching clinics are held as part our health promotion measures to ease the stiff shoulders and lower back pain many of our employees struggle with. Kanae Tatsuta (Human Resources Dept.), an NHK Spring athlete employee, discussed and taught practical stretching techniques to roughly 20 other employees.

The students listened intently to the instructions throughout a seminar conducted by a currently active athlete.



Employees stretching to loosen their bodies

### NHK SPORTS DAY 2018

NHK Spring Thailand held a sports day on October 7, 2018. The head office, spring, seat, precision and DSS departments were divided into four teams and competed in various field events such as track and field, soccer, volleyball, and foot volleyball known as sepak takraw. The competitors and the cheerleaders alike practiced on lunch breaks and after work, took advantage of the accomplishments in practice on the day, and put on a very

exciting competition. The DDS team won this year. We will nurture unity between all of our employees through sports activities in the future while continuing our objective to promote better health.

Employees competing in the national sport of Thailand, sepak takraw



Commemorative photo taken on the field after the sports day



## Benefits programs

### Supporting both work and child/family care

NHK Spring has introduced various programs which go beyond the standard of public programs to support both work as well as child and family care as employees approach different stages of life, such as raising children or taking care of family, so that they may continue to work with peace-of-mind while reaching their full potential at the company.

We held Group-wide family care seminars from fiscal 2016 to fiscal 2017 and handed out a Work and Family Care Handbook throughout the entire organization in fiscal 2019. As a means to reduce the burden of family care with the mutual benefit

association, NHK Spring has also loosened requirements for the bathing service subsidy that had conventionally required the family member to live with the employee in order to provide support for fathers and mothers who live separately.

We have not only introduced child and family care but also adopted the GLTD system (group long-term disability income indemnity insurance) in conjunction with existing leave compensation systems to support a loss of income due to long-term treatment of injury or sickness as a way to enhance a sense of security for employees in fiscal 2018.



Handbook to provide easy-to-understand information on subjects such as the risks of leaving a job to care for family, the basics of family care and a check list, and the way to handle child and family care in the workplace

members, survivor pensions, orphaned children scholarships, monetary gifts to injured or ill employees, family care support, and child-care support subsidies.

Additionally, as part of the child-care support from fiscal 2019, we have begun to distribute the Akamama mother and child magazine to anyone applying for maternity benefits who would like a subscription.



Akamama mother and child magazine

### Holding General Meetings of the Shayukai

NHK Spring held the 45th General Meeting of the Shayukai at the Yokohama Bay Sheraton Hotel & Towers on June 10, 2019.

Approximately 400 people participated, including Shayukai members, NHK Spring executive officers and union officials. After an introduction by President and Chief Operating Officer Takashi Kayamoto, the chairman of the Shayukai, the General Meeting of the Shayukai discussed financial results, the budget, reelection of officials, and matters pertaining to partial amendments of the regulations. The meeting not only welcomed new members but also offered a silent prayer for those who had passed on.

President and Chief Operating Officer Takashi Kayamoto also presented gifts to celebrate everyone in attendance at the meeting who had turned 77, 88 and 99 years old. A banquet was also held after the meeting where everyone who participated



could enjoy renewing their bonds as well as taking part in a drawing.

Members at the Shayukai banquet enjoying food and a drawing

### About the Mutual Benefit Association

The NHK Spring Mutual Benefit Association was established for the purpose of promoting better mutual aid and welfare to members founded in the spirit of mutual aid. This system was established in 1974 through contributions from the company and association members.

The NHK Spring Mutual Benefit Association provides benefits that include various monetary gifts for celebratory occasions of

## Management-Labor Relations

### Active communication between labor and management

As a Group, NHK Spring holds the Central Labor Management Council in addition to Local Labor Management Councils at each business site every year to examine various conditions and share information with labor unions.

Additionally, we have setup preliminary conferences on overtime work, conferences on production plans, occupational health and safety conferences, and other regular councils to engage in a timely debate between labor and management.

NHK Spring and the labor union has also built fair and stable

relations between labor and management and entered into a comprehensive labor agreement covering overall working conditions and labor-management relations for the purpose of corporate growth and a better life for labor union members. The labor agreement is published in both print and online mediums so that all of management and labor union members can view the latest working conditions at anytime. NHK Spring has also entered into various other labor contracts, such as agreements on overtime work and holiday work (statutory) as well as agreements related to promotions, raises and bonuses.

## Basic approach to quality assurance

We deliver high quality products and aim to continuously improve delivery times, costs, and customer satisfaction as well.

### Basic approach to quality assurance

As we keep an eye on environmental changes both in Japan and overseas, we work to maintain our standard of world-leading quality and increase customer satisfaction.

We also actively pursue international quality standard accreditations and operate our quality management system according to these standards.

#### Quality Guidelines

Achieve greater customer satisfaction at the global level by delivering world's best quality products

#### Important policies

- 1) Re-evaluate the process guarantee level by back to the basics approach
- 2) Prevent quality and delivery problems for new products and products that have changes in 4M
- 3) Cultivate a culture of quality and prevent violations
- 4) Enhance quality governance
- 5) Increase the level of reoccurrence prevention activities
- 6) Increase the level of supplier management

#### Specific arrangements

This is what we are doing in relation to our important policies:

- 1. Re-evaluate the process guarantee level with back to basics approach**
  - 1) Revise difficult or easily mistaken tasks
  - 2) Optimize the quality assurance gate to prevent production and distribution of defective products
- 2. Prevent quality and delivery problems for new products and products that have changes in 4M**
  - 1) Implement milestone management at the actual site, actual thing, and actual confirmation
  - 2) Strengthen management of changes in 4M
  - 3) Strengthen the verification method in the design process
- 3. Cultivate a culture of quality and prevent violations**
  - 1) Cultivate a culture of quality led by top management
  - 2) Build a workplace environment that prevents violations
  - 3) Establish rules to regularly confirm the status of management to prevent improprieties
- 4. Enhance quality governance**
  - 1) Build systems based on guidelines
  - 2) Gather and analyze global quality information
- 5. Increase the level of reoccurrence prevention activities**
  - 1) Improve the ability to pursue essential causes
  - 2) Practice horizontal expansion
  - 3) Conduct regular inspections of past problems led by top management
- 6. Increase the level of supplier management**
  - 1) Build systems where improvements can be spiraled up
  - 2) Optimize QA gates suitable to the capabilities of suppliers
  - 3) Inspect direct deliverables and functional products delivery suppliers

### Acquired certification from the International Organization for Standardization

NHK Spring firstly acquired the ISO 9001 international standardization certificate for the Atsugi Plant in 1996, and since then, all of our plants have acquired the ISO 9000 Series certifications. In

addition, we have acquired certifications for the strict IATF 16949 standards at our plants that produce automotive products.

In addition to actively encouraging our local Group companies to acquire certifications, we are also taking on initiatives to acquire other international quality management systems certifications, such as the ISO 9000 series and ISO/TS 16949, according to the requirements of our customers and regions.



IATF 16949: 2016 certification acquired for **42** plants

[As of August 2019]

### What our customers say about us

NHK Spring is always trying to improve on quality, delivery and costs, to meet customer expectations. As a result, many of our customers have shown their appreciation in the form of awards and so on.



receive awards from many customers

## VOICE



**Seiichi Oshibi**  
Isuzu Motors Limited  
Metallic Group 3, Procurement Department 1  
Group Leader

### An indispensable business partner

NHK Spring supplies Isuzu with engine and cable components, including automotive suspension springs and seats, to support manufacturing in each region.

NHK Spring has not only been a long-time partner, but has also been positioned as a supplier indispensable to future expansion. They never simply drop things on us but act with a sense of responsibility and follow through with everything until completion. We have built a mutual relationship founded in trust in which I can rely on NHK Spring to keep delivery dates and control quality without any concerns. I feel the excellence of NHK Spring through the people I am involved with, their strong commitment to expertise, and their community, and environmentally-friendly approach to things.

Isuzu must respond to environmental issues and the diverse needs of customers via advanced technologies as the automotive industry faces a transformation period said to come once in a century based on its corporate philosophy to contribute to an affluent society as a trusted partner supporting transport. I hope NHK Spring will continue to ask what is necessary to show the presence as a company being chased within competition. I expect support to become even better through development and technical capabilities founded in new inspiration and an ability to propose ideas for mutual perseverance and growth while always stepping up to these challenges.

## Social Contribution Activities, Sponsoring and collaborating with local events

NHK Spring and our Group companies have operations in various areas in Japan and around the world where we hold local community-based activities. The energies of the whole Group are directed to expanding our ties to the local community everywhere.

### Social Contribution Activities

#### Offering plant tours as an educational field trips for elementary school students

The NHK Spring Yokohama Office offered plant tours to more than 200 elementary school students from October to December 2018.

These plant tours aim to share our social contributions and initiatives to address environmental issues through products and production activities with the children entrusted with our future. NHK Spring positions this effort as one of the measure to support the career education of elementary school students.

We have also published and used a booklet for children to introduce information about NHK Spring.



Elementary school students listening to an explanation about NHK Spring products

#### Active use of introductory tools

We have created a booklet for children to introduce information about NHK Spring. In addition to explaining where NHK Spring products are used, this booklet provides an overview of our environmental conservation activities. This booklet is handed out at events for children as NHK Spring receives even more requests for tours from students in elementary and other schools. In the future, we will use this booklet as one of the tool to help bring understanding about our company.



The Kayamon character modeled after the President of NHK Spring used in the booklet for children that introduces NHK Spring

### Sponsoring and collaborating with local events

#### Activities based on the NHK Spring Mitsuzawa Football Stadium

It is the 12th year since we acquired the naming rights to the NHK Spring Mitsuzawa Football Stadium from 2008. The five-year contract was updated from March 2016. We are striving to effectively use the free usage rights, which is a benefit of the naming rights.



Naming rights continued for **12** th year

#### ●NHK Spring and College of Science & Engineering Soccer League in Kanto Area

College of Science & Engineering Soccer League in Kanto Area was established to assist promising students. We have also incorporated diverse and unique activities, such as Futsal, in response to student needs.

#### ●NHK Spring Group Soccer Tournament

We held a soccer competition with the goal of cultivating a sense of unity throughout the NHK Spring Group.



100 people, including employees and their families, came to cheer at the event

#### Providing school meals to children worldwide through TFT

We introduced "Table For Two" (abbreviated as TFT) in 2014. TFT is a system to make donations for school meals in deprived regions worldwide by eating charitable meals at the cafeteria for executives and employees. We conducted TFT at all of our eleven plants in Japan and have expanded the system to Group companies in Japan. This has allowed us to donate 138,183 school meals in fiscal 2018, which brings us to a cumulative total of 602,132.



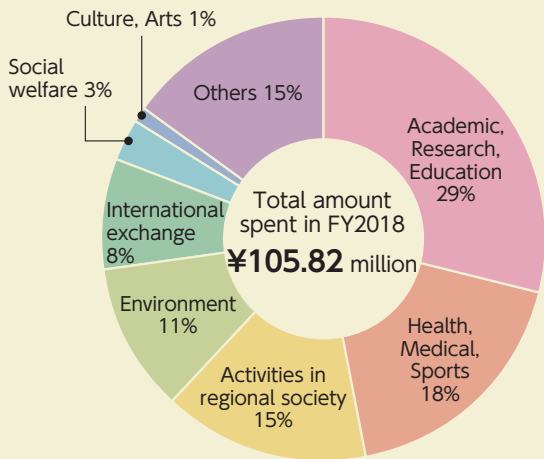
TFT donations **138,183** meals

#### Sponsoring and collaborating with local events

#### ●Exhibiting at Aozora Factory 2018

On October 20, 2018, NHK Spring exhibited at Aozora Factory 2018 held by the NPO Aozora Factory as an outdoor event near the Yokohama Office in Nagisa Square at Marine Park. NPO Aozora Factory collaborates with industry, academia, and government to engage in activities for the purpose of creating value and communicating the attractiveness of Linkai Yokohama Kanazawa, which brings together over 1,000 business sites. The NHK Spring exhibit introduced various types, applications, and roles of springs with actual products and panels under the theme "What a Surprise! The World of Springs!" while hosting a quiz about springs as well as the company. We were able to cooperate with students, such as those from Yokohama City University, and entertain many people.

Ratio of amount used for social contribution activities by category



\*Amount is total of NHK Spring and Group companies in Japan

Category	Major examples
Academic, Research, Education	Donating research fees to universities, accepting internships, plant tour for elementary school students
Health, Medical, Sports	Blood donation, donating wheelchairs to hospitals, cosponsoring and participating as volunteers in sports events
Activities in regional society	Donating to local festivals, inviting local residents to our summer festivals
Environment	Clean-up activities of neighboring areas
International exchange	Table For Two Activity, Eco-cap Activity
Social welfare	Donating to social welfare facilities
Culture, Arts	Donating to arts organizations and events
Others	Participating in crime prevention and traffic safety activities, donating to politicians and organizations support activities for affected area



Bustling NHK Spring workshop

120 members of NHK Spring provided sports drinks, sugar candy, and chocolate to the about 27,000 runners while cheering each runner on.



All of the volunteers who invigorated the event with passionate cheers

● Beautifying Mitsuzawa Park and Watching Soccer

On April 22, 2018, we conducted a beautification activity in Mitsuzawa Park in Yokohama City before watching an official J. League match between Yokohama FC and Tochigi SC. 106 people, including employees of the Yokohama Office and their families as well as 52 new employees who joined NHK Spring this fiscal year, participated in the event. During the activity, participants pulled weeds in flower beds and around shrubbery as a way to help beautify the park. During the soccer match, participants were able to watch players practice right next to the field and take commemorative photographs. At half-time, everyone watching was introduced to visit on the main screen there. We will actively continue to contribute to the local community in the future.



New employees participating in beautifying Mitsuzawa Park

● Holding a summer festival at the Sumihatsu Tsukuba Plant

On September 1, 2018, we held our annual summer festival at the Sumihatsu Tsukuba Plant with more than 1,400 people participation, including employees, their families, and people from the local community. Every year, Sumihatsu invites talented celebrities. This year Kaminari, a duo originally from Ibaraki prefecture, energized the event with comedy about the local area. In addition to a mimicry, superhero, and a magic shows, everyone who attended was also entertained by an employee competition, a drawing and various other programs. In the future, we will continue to strive to be a company rooted in the local community.



Many people visited summer festival

● Participating as volunteers at hydration stations at the Yokohama Marathon 2018

NHK Spring employees participated as volunteers at aid stations of the Yokohama Marathon 2018 held by Yokohama City in October 2018.

The day was graced with a bright sky as NHK Spring took charge of the 13th aid station along the Shuto Expressway around 30 kilometers from the starting line.

# Environment

Information about environmental education, business activities and the life cycle flow, support of the ISO 14001, environmental accounting as well as management and reduction of substances concern are published on our homepage as environmental data as of this fiscal year. <https://www.nhkspg.co.jp/eng/csr/env/index.html>

## Environmental Voluntary Action Plan

We have established the Global Environmental Activities Plan and Global Environmental Activities Guidelines for involvement in a broad range of global environmental issues. We published them in May 1993 as our Environmental Voluntary Action Plan. The NHK Spring Group draws up Environmental Activity Policies each year on that basis.

### Global Environmental Activities Guidelines

Our Group's Corporate Philosophy is to declare that our business activities will strive for harmonious coexistence with the global environment.

#### Global Environmental Activities Guidelines

- 1. Actively involve environmental conservation at all stages of the life of products, from design through production to disposal.**
  - 1) Look for ways to use resources efficiently, and make every effort to save resources and recycle.
  - 2) Set our energy saving target at over 1% improvement in unit energy consumption to sales per year to promote energy saving.
  - 3) Aim for zero emissions in production activities to encourage cutting waste and saving resources.
- 2. Encourage the development of technology to solve global environmental problems and contribute to saving the environment.**
- 3. As NHK Spring, be involved in the environment and take an active part in saving the social and local environment.**

### Global Environmental Activities Plan

We identify important areas we should be involved in on the basis of our Global Environmental Activities Guidelines. We then set specific objectives and targets and plan what we must do to achieve them.

#### Main concerns

- Reducing CO<sub>2</sub>
- Reducing waste
- Lifting recycling
- Compliance with various environmental laws and regulations
- Reducing and managing pollutants
- Contributing to local communities & environmental protection
- Promoting use and development of energy-saving products
- Alliance between the government, customers, and partners

#### Global Environmental Activities Plan

- 1. Framework to encourage activities**
  - 1) Operating the Global Environmental Measures Committee and encouraging protection of the environment across the entire Group
  - 2) Set up CO<sub>2</sub> Reduction and Waste Reduction Committees to respond to social needs
- 2. Involvement in specific issues**
  - 1) Saving energy and reducing CO<sub>2</sub>
  - 2) Contribution to the recycling-oriented society
  - 3) Encouraging green procurement at a global level
  - 4) Product design and technical development taking account of impact on the environment
  - 5) Reducing toxic chemicals
  - 6) Preventing environmental accidents
  - 7) Streamlining logistics
  - 8) Reliably running and upgrading Environmental Management Systems (EMS)
  - 9) Review water usage management
- 3. Publicity and social activities**

We recognize our corporate social responsibilities (CSR), and develop environmental conservation activities throughout the company, which will widely gain the empathy of local communities and the general public.
- 4. Activities overseas**

We are actively involved in the actual preservation of the environment and observe local environmental rules. We also protect the environment through technology transfer, etc. having regard to local social and economic conditions.

### Environmental Activity Policies

NHK Spring strives to address global environmental issues from a global Group perspective based on the Environmental Activities Policies drafted each year. We researched new measures toward energy savings as we have in the past while implementing and expanding measures horizontally throughout the Group in order to continue to achieve our voluntary targets to reduce unit consumption of CO<sub>2</sub> emissions by 1% or more in fiscal 2019. In waste management, we promote restrictions in emissions while continuing zero emissions activities by reclaiming useful resources in Japan. We also will continue to improve the recycling rate at our overseas bases.

We will systematically conduct management of environmental load substances, support customers, maintain and update environmental equipment, and respond to facilities subject to environmental laws and regulations.

#### Environmental Activity Policies 2019

- 1. Encourage global environmental management**
  - 1) Continuing CO<sub>2</sub> reduction activities and investigation and implementation of new measures
  - 2) Maintaining zero emissions\* and continuing to reduce waste
  - 3) Promoting control of substances of concern (SOC)
- 2. Maintain 'zero' global environmental incidents**
  - 1) Maintaining and stepping up environmental management and thorough risk management
  - 2) Maintaining environmental legal compliance and responding to revisions to ISO standards
  - 3) Maintaining environmental facilities in operation and protecting them

\*Group-wide definition for "zero emissions": Recycling rate of 99.0% or better, also regards thermal recycling as recycling

## Systems to encourage environmental conservation

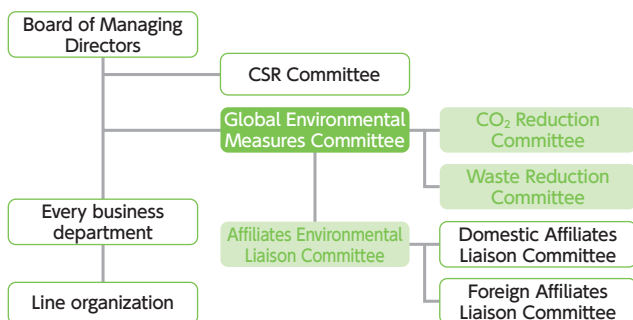
Our Global Environmental Measures Committee is at the center of our efforts to promote and implement our Environmental Voluntary Action Plan. Our continuous environmental activities follow the PDCA cycle.

### Organization

The Global Environmental Measures Committee unilaterally debates environmental activities overall throughout the NHK Spring Group and formulates and executes global environmental action plans. The CO<sub>2</sub> Reduction and Waste Reduction Committees have been set up as two subcommittees under the Global Environmental Measures Committee.

NHK Spring Group has also set up the Affiliates Environmental Liaison Committee to establish a system to actively promote global environmental conservation activities.

### System for encouraging environmental protection



### Zero emission activities

This project achieved zero emissions at the Yokohama Office in 2003 before the activity spread to reach zero emissions at all of our plants in 2004. We are also stepping up these activities to include a 100% recycling rate at NHK Spring in 2010.

We have also achieved zero emissions at all Group companies in Japan and have been conducting efforts to improve our recycling

rate since 2009 and are continuing to at overseas Group companies.



2010 recycling rate Achieved **100%**

### VOICE



Takashi Yonezawa

Manager, Safety & Environmental Activities  
Department, Engineering Division

### Various environmental risk reductions and promotion of proactive energy savings

NHK Spring has acquired the ISO 14001 at all of its business sites and has implemented large-scale reforms to update to the 2015 version. Operation of the revised ISO heightens environmental performance and provides broad risk management. In 2009 before the revision, we had introduced our on voluntary environmental auditing to ensure thorough compliance throughout the entire Group and independently manage risks to environmental equipment in an effort to ensure no environmental accidents or violations to laws or regulations.

We have been conducting energy saving diagnostics together with Ministry of the Environment CO<sub>2</sub> reduction potential diagnostic service providers since 2017 to encourage subsequent energy-saving in the Group. The diagnostic results play a role in investigating and implementing new energy saving measures as we strive to share various information and expand efforts horizontally throughout the Group.

The social requirement for environmental management is a growing trend. In the future, we will fully respond to these various environmental issues.

## Environmental audits and energy conservation diagnostics

We are conducting environmental audits and energy conservation diagnostics to improve environmental performance while ensuring clear management in accordance with the environmental manual.

### ISO 14001 and environmental auditing

The NHK Spring Group conducts environmental audits to verify the environmental management system at each Group company is run properly in accordance with the ISO 14001 while ensuring compliance with environmental laws and regulations, improving environmental performance, extracting points for improvement, and heightening the level of management capabilities.

### Environmental audits

Members in charge of executing the environmental audits are persons who have completed specialized training. In fiscal 2018, we conducted internal ISO 14001 (2015) environmental audits at each Group plant. Moreover, we held training courses at the head office to cultivate internal environmental auditors. This program has educated 30 ISO 14001 (2015) auditors in the Group to adequately improve performance through the proper implementation of the system.

The results of these audits were reported to the plant chiefs and presidents of Group companies and measures were taken to

quickly improve and rectify any issues. These auditing results are also reported to the Global Environmental Measures Committee and reflected in the Environmental Activity Policies and Environmental Voluntary Action Plan.


### Environmental management and environmental auditing



### External audits

External audits are conducted by an external registered auditing authority to verify whether the environmental management system complies with and operates in accordance to the requirements of the ISO 14001. A surveillance audit is generally done every year and a renewal audit once every three years.

All 11 plants received external audits in fiscal 2018; six plants had surveillance audits, and five plants had a renewal audit to update to the ISO 14001 (2015). The results of these audits found that the each of the plants and the environmental management systems were being run correctly, that pollution was being prevented, and that we were making continuing efforts to improve.

**Fiscal 2018 external audits**  
 **5** plants (surveillance audits), **6** plants (renewal audits)

### Energy saving diagnostics

Our Group has begun energy saving diagnostics as of fiscal 2017. Consultants certified as Ministry of the Environment CO<sub>2</sub> reduction potential diagnostic service providers listen to representative and check sites at the plants they visit to flush out new energy saving measures with the hope of effectively using resources and continually reducing CO<sub>2</sub> emissions. In fiscal 2019, we carried out energy saving diagnostics at a total of five plants—four NHK Spring plants and one Group company— to propose and horizontally expand energy-saving measures. We will systematically further plant diagnostics in the future.



Energy Saving Diagnostics

## VOICE



**Hisao Adachi**  
 Tokuhatsu Co., Ltd.  
 Manager, Safety and Environment Office

### Ongoing implementation to make considerations about the environment

Tokuhatsu celebrated its 81st anniversary in June 2019. Since our work using spring washers, we have been manufacturing and selling various retaining rings and leaf springs for washer bases of various fasteners. In recent years, we have been developing and selling products tailored to the needs of customers as secondary core products, such as parts related to automotive clutches.

I think items to promote measures related to the environment fall into the three categories below based on the ISO 14001.

1. Prevent contamination
    - Reduce waste through primarily reduction (do not buy or take anything unnecessary) and other 3R efforts.
    - Renew aged equipment, fully extinguish lighting to not waste electricity, and reduce CO<sub>2</sub> emissions through solar power generation (unit consumption).
  2. Adhere to statutory requirements
    - Clearly submit all necessary notifications in accordance with the addition of the Mita Plant this fiscal year.
  3. Adhere to all other requirements
    - Handle and provide education about broadening requirements for chemical management.
- By continually implementing these various measures, I hope we can make considerations about the environment.

## Initiatives on Production Sites

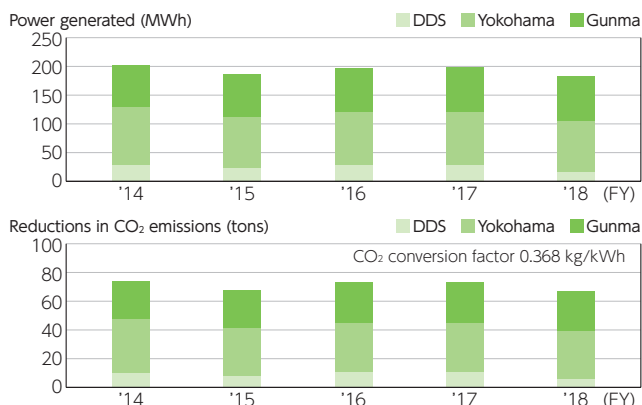
We encourage reducing electricity use and saving energy, and encourage making energy use more visible (transparent); we also practice energy management through electricity monitoring and other initiatives. We continue our zero emissions work through recycling.

### Energy-saving equipment

#### Use of solar energy

We installed solar power generators at our DDS Komagane Plant in 2008, our Yokohama Office in 2009, and our Gunma Plant in 2012. We are currently advancing installations in the Ina district. In the future, we will actively use solar power as a renewable energy source to generate energy savings and reduce CO<sub>2</sub> emissions.

#### NHK Spring solar generation performance



### Zero emissions

To realize an environmentally-friendly society, we promote recycling of waste and continually strive to reduce emissions by establishing a recycling center and an Environmental Dojo at each of our business establishments.

#### Recovering resources as valuables from waste plastics and food waste

Soft types of plastics are stored and transported as compact as possible by using compression packing machines. We recycle with the appropriate waste processors. We will also process and recycle high quality waste into raw plastic materials and high-calorie fuel as useful resources. Food waste is being reused as feed for livestock or recycled as compost through a fermentation and decomposition process.

#### On-site checks of waste processors and waste recovery processors

We confirm whether operators take high quality waste according to contracts before outsourcing while conducting regular checks of waste processors at each plant to confirm that they are treating waste in accordance with the contract, in order to ensure that our zero emissions policies are being implemented.



# FY 2018 Targets and Performance

We approach energy saving, reducing CO<sub>2</sub> emissions, recycling wastes and reducing pollutants in production in a planned way, setting specific targets to be achieved.

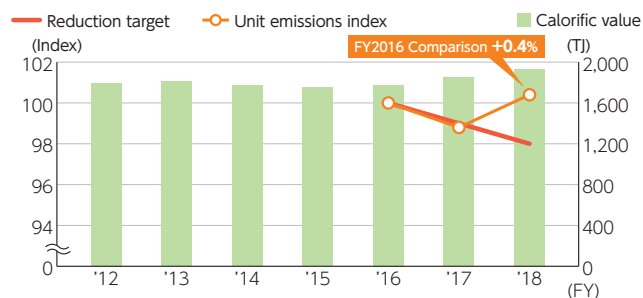
## Energy saving

NHK Spring has recognized the necessity of global environmental conservation since long ago and has been working in energy-saving activities. Since the 1990s, we have engaged in continuous debate at the Energy Saving Subcommittee under the Global Environmental Measures Committee. Presently, we also have a lively exchange of ideas at the CO<sub>2</sub> Reduction Promotion Committee while always encouraging energy-saving activities. The unit energy consumption in fiscal 2018 increased 0.4% compared to the base year, but NHK Spring will strive to reduce energy consumption through new measures in the future.

Targets		
Unit energy consumption to sales: Annual reduction of 1% (based on fiscal 2016) (Under the Law Concerning the Rational Use of Energy, evaluation criteria of factories for rationalization of energy use)		
FY2018 target	FY2018 actual	Assessment
Target unit consumption* <b>98.0</b>	Unit consumption <b>100.4</b>	<b>×</b>

\*Target unit consumption: Targeted reduction with fiscal 2016 unit consumption as 100

## Movements in target and actual energy consumption to sales



\*Unit consumption in fiscal 2016 is set as 100

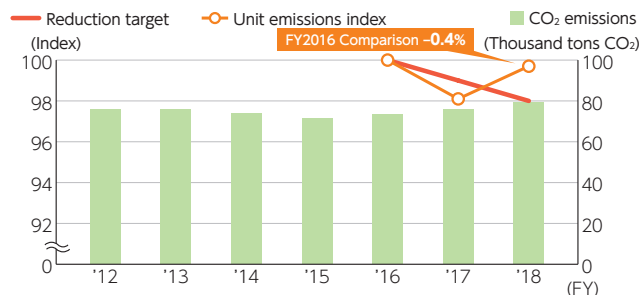
## Reduction in CO<sub>2</sub> emissions

NHK Spring set up the CO<sub>2</sub> Reduction Promotion Committee in 2008 and works to reduce CO<sub>2</sub> with the cooperation of Group companies in Japan. We have designated specific reduction targets for CO<sub>2</sub> emissions throughout the entire Group and work to prevent global warming. We reduced the unit amount of CO<sub>2</sub> emissions 0.4% in fiscal 2018 compared to the base year. NHK Spring will aim for a 1% annual reduction rate by fiscal 2019.

Targets		
Per unit CO <sub>2</sub> to sales: Annual reduction of 1% (based on fiscal 2016) (According to independent targets) (According to Japan Auto Parts Industries Association Eighth Environmental Voluntary Action Plan)		
FY2018 target	FY2018 actual	Assessment
Target unit consumption* <b>98.0</b>	Unit consumption <b>99.7</b>	<b>△</b>

\*Target unit consumption: Targeted reduction with fiscal 2016 unit consumption as 100

## Movements in target and actual CO<sub>2</sub> emissions



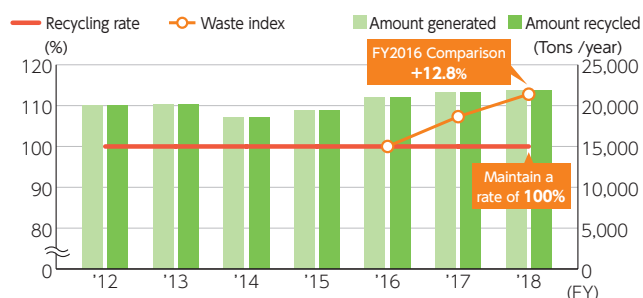
\*Unit consumption in fiscal 2016 is set as 100

## Recycling of waste

NHK Spring also worked to reduce the amount of landfilling disposal of waste with the goal of achieving zero emissions and successfully reached this target at the Yokohama Office at the end of fiscal 2002. This became a company-side initiative in fiscal 2003 and was expanded and furthered by Group companies in Japan in fiscal 2005. Since fiscal 2010, we have maintained a 100% recycling rate. Furthermore, the amount of waste increased consecutively over two years due to an increase in production volume and waste generated from some valuables. However, we will spearhead improvements by improving production efficiency and revising waste processing in the future.

Targets			
Maintain zero emissions across the entire company (Recycling rate of at least 99% achieved since fiscal 2004)			
FY2018 target	FY2018 actual	Assessment	FY2019 target
Continue recycling rate of <b>99%</b> or higher	Recycling rate of <b>100%</b> (at least 99.95%)	<b>○</b>	Continue recycling rate of <b>99%</b> or higher

## Shift in performance in recovering resources from waste and the waste index



\*Waste index in fiscal 2016 is set as 100

# Group company involvement

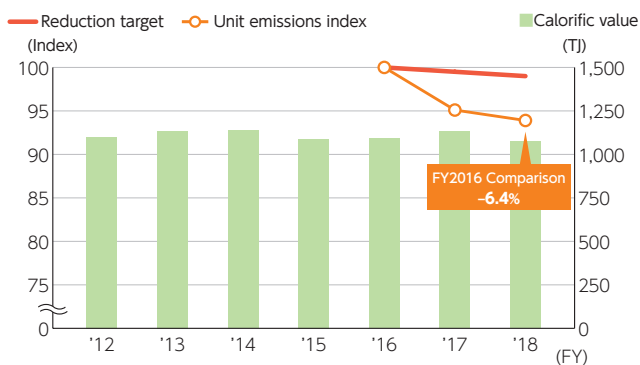
We involve the entire Group in our environmental conservation activities. They are all engaged in reducing environmental pollution.

## Domestic Group companies

### Energy saving

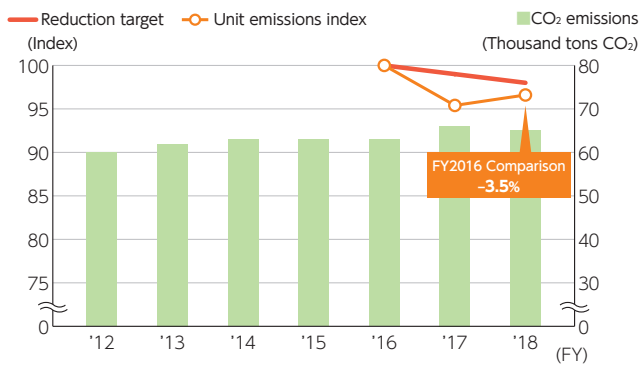
We have set a target of a 1% annual reduction rate in net sales unit energy consumption for Group companies from a base year of fiscal 2009, and NHK Spring is working together with these Group companies in energy saving efforts. The Group is working to reduce CO<sub>2</sub> emissions, such as through furnace insulation, while driving forward energy savings, such as rationalization of production. As a result, we reduced the unit amount of CO<sub>2</sub> emissions 3.5% in fiscal 2018 compared to fiscal 2016 and achieved our target. In addition, the basic unit of heating decreased 1.2% year-on-year.

### Movements in target and actual energy consumption to sales



\*Unit consumption in fiscal 2009 as 100  
\*Electric heat value coefficient = 9.97 GJ/1,000 kWh

### Movements in target and actual CO<sub>2</sub> emissions



\*Unit consumption in fiscal 2009 as 100  
\*Electric CO<sub>2</sub> coefficient = 0.368 tons/1,000 kWh

### Towards an environment-friendly society

The amount of waste generated by Group companies in Japan in fiscal 2018 was 23,166 tons for the year. The amount recovered as resources was 23,129 tons to sustain the high standard of a 99.8% recycling rate at Group companies in Japan in fiscal 2018. In addition, NHK Spring is also engaging in the same initiatives to reduce the amount of waste, but the unit production compared to fiscal 2016 increased 11% due to an increase in the amount of waste oil and waste plastics in fiscal 2018. In the future, we will strive to reduce waste oil and waste plastics as well as reclaim valuable resources to reduce waste.

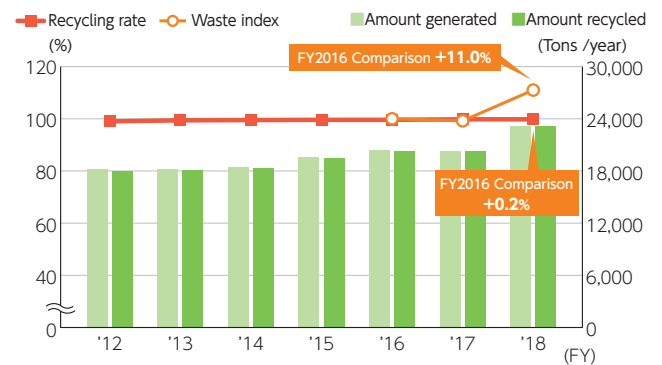
Our aim was to achieve a recycling rate of over 99% between fiscal 2007 and fiscal 2009 at Group companies in Japan and succeeded in reaching this target by furthering zero emission activities.

As an example of recycling activities, Nippatsu Service at Group companies in Japan and Nippatsu Harmony separate and collect various waste at the Yokohama Office to encourage recycling and waste reduction.



Weighing separate waste via the Nippatsu Service

### Shift in performance in recovering resources from waste and the waste index



\*Unit consumption in fiscal 2016 as 100

## VOICE

**Shinichi Ishii**  
NHK Spring (Thailand) Co., Ltd.  
Director  
Production and  
Quality Efficiency Division COO



### Endeavoring in business activities friendly to the global and local environment

NHK Spring Thailand started production in Thailand upon its founding in 1963. Today, we manufacture and sell a wide range of products, such as automotive suspension springs, seats, interior parts, various precision springs, and HDD suspensions.

In terms of the environment, we acquired the third-party ISO 14001 (2004) certification in 2000. We further the environmental management of plants and products and are careful to make environmental considerations about the surrounding region. Last year, Toyota Cooperation Club (Kyohokai of Thailand) added environmental activities as a new effort and nominated NHK Spring as a leading company. As a model plant, our spring plant adjusts compressor air pressure and fully conducts ON-OFF measures in various equipment on the production line as energy-saving efforts. The ABC activities that actively make efforts in Energy Reduction Innovation (ER-I) in particular largely contribute to the energy savings and CO<sub>2</sub> emission reductions by clarifying A (equipment that can be set to ON-OFF according to operation), B (equipment the power can be turned OFF for prolonged stoppages) and C (equipment that cannot be turned OFF), considering how to operating a cycle from C to B to A, and then expand activities to ensure A equipment is turned off during stoppages.

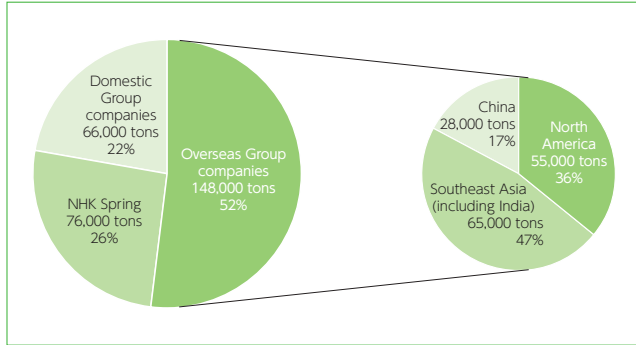
In the future, we will endeavor in business activities friendly to the global and local environment in an effort to engage in sustainable corporate activities.

## Overseas Group companies

### CO<sub>2</sub> emissions

The volume of CO<sub>2</sub> emissions for overseas affiliate companies in fiscal 2018 accounted for 52% of the whole Group, and an increase of 1% compared to the previous year. This breakdown shows an increase of 13,000 tons in North America, 98,000 tons in Southeast Asia as well as 9,000 tons in China. In the future, we will expand energy-saving examples to plants in the future to reduce CO<sub>2</sub> emissions.

### Fiscal 2018 CO<sub>2</sub> emissions by Group segment

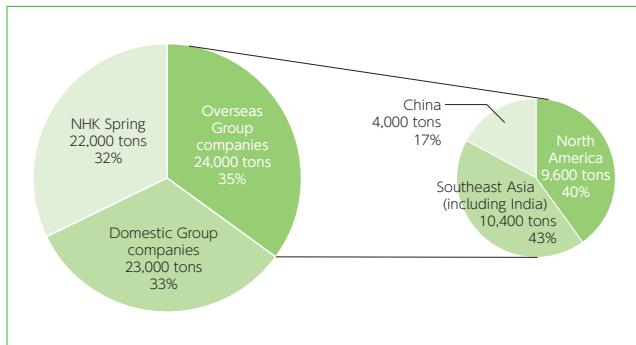


### Waste emissions

The basic unit for the amount of waste in Japan has a tendency to increase, and our overseas Group companies are showing a tendency for an increase in the amount of waste.

The amount of waste generated overseas in fiscal 2018 accounted for 35% of the whole Group, and an increase of 1% from the previous year. In particular, waste showed a tendency to increase in Southeast Asia and North America. We will continue recycling activities as well as efforts to improve productivity in each region to promote waste recycling and reduction.

### Fiscal 2018 volumes of waste generated by Group segment

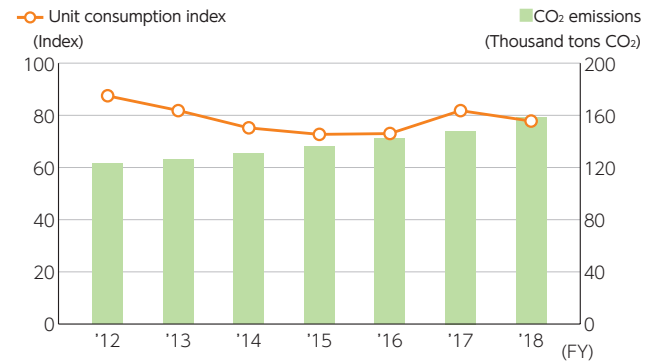


### Energy saving

NHK Spring has introduced energy saving activities at each company to mitigate energy consumption during production. We are systematically engaging in improvement activities based on energy-saving examples of NHK Spring at each company in North America and Southeast Asia.

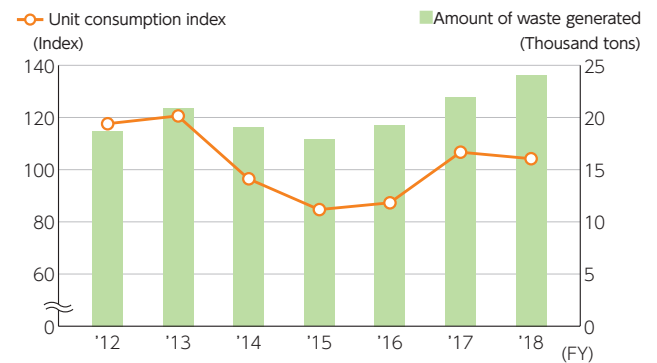
We are also expanding similar improvement activities as carried out in Japan in China to promote further energy saving and CO<sub>2</sub> reductions throughout the entire Group overseas.

### Movements in CO<sub>2</sub> emissions in overseas Group companies (10 manufacturing companies)



\*Unit consumption in fiscal 2009 as 100

### Movements in waste generated in overseas Group companies (10 manufacturing companies)



\*Unit consumption in fiscal 2009 as 100

## Editorial policy

The NHK Spring Group has published the NHK Spring Report since fiscal 2008 to summarize the social, environmental and financial aspects of what we have done over the last year. The 2019 NHK Spring Report is our 12th. This report used the ISO 26000 international standards as guidelines to incorporate information in accordance with the seven core subjects.

In addition, because the latest CSR information publishes more detailed shareholder and investor information on the home page, feel free to use it at the same time.

**CSR information** <https://www.nhkspg.co.jp/eng/csr/>

**Shareholder and investor information** <https://www.nhkspg.co.jp/eng/ir/>

## Scope

This report primarily incorporates information about the business activities of the NHK Spring Group. 'NHK Spring Group' refers to the Group overall; 'NHK Spring' refers specifically to NHK Spring Co., Ltd., and our Group companies are identified individually by their company name. We make every effort to ensure that the Report is accurate.

## Reporting period

In principle, the Report covers our business activities from April 2018 to March 2019.

As it is published in November, it will also include any major developments since April 2019.

## Readership

This Report is intended for our shareholders, investors, customers, suppliers, and our employees and their families, and the communities around the places where we operate.



**NHK SPRING CO.,LTD.**

Contact: Public Relations Group, General Affairs Department, Corporate Planning & Control Division, NHK SPRING CO., LTD.

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KK2019XX-13-T