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 2018 NHK Spring Report is our 11th. We have reviewed our page layout to make it easier to follow for our readers.

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/

Editorial policy
This Report covers the fundamental 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.

Scope
In principle, the Report covers our business activities from April 2017 to March 2018. As it is published in November, it will also include any major developments since April 2018.

Reporting period
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.

Readership
Contributing to the Development of a Sustainable Society as an Attractive Corporate Group

Our Commitment

We would like to share our deep appreciation to all stakeholders, from our shareholders and investors to our customers, suppliers and everyone in the local communities where we do business, who have given their ongoing support to our Group activities.

The Japanese economy gradually recovered in light of improved corporate profits, rising stock prices, and a better employment environment. The world economy continued to show economic growth with personal consumption and capital investment increasing in the United States. Asian regions showed ongoing economic growth due to improved exports and the effectiveness of economic policies in China, Thailand and India have also seen recovery. The supply of automotive parts, our Group’s primary field of business, as well as the supply of information technology products are both greatly affected by cyclical changes in the global economy. The effect of the United States’ trade policies on Europe and China is a matter of concern. In addition to the need to be sufficiently cautious about shifts in exchange rates, price fluctuations of raw materials, and other trends, we must also put in place measures to respond to a short supply of raw materials and goods due to events such as unexpected accidents at the source of the supply and unprecedented natural disasters.

This type of environment comes with various risks and unpredictable economic shifts, but a basic policy of our Group will always be to provide attractive products and services to our customers as part of our corporate philosophy to foster healthy growth.

Our Goal

Our goal is to maximize corporate value and foster a long-lasting company through our strength in providing key parts to the automotive and data communication fields. We aim to do this by driving next generation technology encompassing new core competencies such as "precision and micro-fabrication technologies" in data communications, as well as "spring behavior analysis", "expertise in metal materials" and "metal heat treatment and plastic fabrication technologies" which were developed for automotive components. The new Electrification Business Promotion Dept., established in April 2018 has been positioned to take advantage of the technology and strengths unique to NHK Spring during a transformation in the automotive industry said to come once a century. We are determined to take on the challenge of next-generation product development and create new technology and products in the hope of always being recognized as a leading engineering company.

In the future, we will continue to build a strong reputation as a global supplier with superior customer response capabilities while continuing to maintain and improve good relationships with all of our stakeholders.

In fiscal 2017, our Group started the 2020 Midterm Plan, which is a medium-term management plan with the final year of the plan set as fiscal 2020. This 2020 Midterm Plan continues active capital investment into new products and new corporate bases and aims to surpass any previous profit levels by increasing sales through greater profitability at existing sites, enhancing overseas sites and expanding existing products.

These efforts aim to build a corporate group always recognized as the best by all of our stakeholders.

Value to Society Provided by NHK Spring Group

Incidentally, 30% of companies which have been in business for a century or more are Japanese. This is because the longevity of a company depends on society. Next year, NHK Spring will celebrate its 80th anniversary. Maintaining the trust of all of our stakeholders is essential in our goal to reach a century in business. Trust is earned by enhancing the corporate value of the Group in the medium and long term. We will promote stronger corporate governance and active information disclosure, strengthen initiatives toward solutions to global environmental issues, promote diversity of human resources, engage in active efforts to solve social issues such as co-existing with local communities, and contribute to a sustainable society.

We hope this report will act as one facet to bring understanding about our thoughts and activities toward the social responsibilities we should fulfill as a corporate group.

We ask for your continued support for our activities.

President and COO

Kazumi Tanimura
Chairman & Chief Executive Officer

Our 2020 Midterm Plan Business Strategies

*Information about business activities, the flow of the life cycle, support of the ISO 14001, environmental accounting and reduction of substances of concern have been migrated to the environmental data on our homepage as of this fiscal year.


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Social Report

Environmental Report

Environmental Report

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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.
- Col springs
- Stabilizer bars
- Leaf springs
- Torsion bars
- Stabilizer links
- Ballows
- Stabiliffer and others

**Intrusion Products**
- Precision machined components
  - Wire springs
  - Thin leaf springs
  - Seats
  - Interior products and others
  - Precision machined components and others

**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
- Probe units for inspection of semiconductors
- Precision machined components
- Metal base printed wiring boards
- Polyurethane foam products

**Value to Society Provided by NHK Spring Group**

**Corporate overview**

- **Trade name**: NHK SPRING CO., LTD.
- **Founding**: September 1939
- **Capital**: ¥17,009,557 million
- **Employees**: 4,973 (Non-consolidated), 20,834 (Consolidated)
- **Sales**: ¥659.7 billion (Fiscal 2017 consolidated)
- **Head office**: 3-10 Fukure, 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, Aizu Plant, Ina Plant, Komagane Plant (DDS/industrial machinery & equipment), Ishiura Plant No.1 and No. 2, Miyada Plant, Yasu Plant
- **Sales offices**: Kita-Kanto, Hamamatsu, Nagoya, Osaka, Hiroshima, Fukuoka
- **Stock market listing**: First Section, Tokyo Stock Exchange (Code 5991)

**Annual Report**

- **Sales offices**: 236-0004, Japan
- **Number of shareholders**: 10,886
- **Total issued shares**: 244,066,144
- **Total authorized shares**: 600,000,000
- **Employees**: 4,973 (Non-consolidated), 20,834 (Consolidated)
- **Number of temporary employees**: 23,600
- **Total number of shareholders**: 10,886
- **Movements in share price**: High: ¥1,296, Low: ¥1,151
- **Number of shareholders**: 1,276 (Consolidated), 1,002 (Non-consolidated)

**Corporate overview**

- **Board of Directors/Auditors**: Keiichiro Sue, Toshihiro Tachikawa, Yoshiyuki Shindo, Kazumasa Tani, Kazuhiko Otake, Kazuhisa Uemura, Keiichiro Sue

**Members of the board of directors and auditors**

- **Board of Directors (Internal)**: Noritoshi Takamura, Toshinori Saeki, Tetsuya Fujiwara, Jiro Oyama, Hidefumi Yoshimura, Kazuhiko Otake, Ko Masuda, Hidekazu Hoshino, Kiyohiko Kammei, Toshio Kazama, Ryuichi Shibata, Ryutaro Kondo, Hiroshi Uesugi, Shunsuke Sasaki

**Corporate Officers**

- **Corporate Officers (including those with additional post as Board of Directors)**: Yoichiro Kondo, Toshihiro Tachikawa, Yoshiyuki Shindo, Yoshikazu Shindo, Toshiyuki Aoyagi, Toshihiro Tachikawa, Yutaka Sakai, Toshio Kazama, Katsuko Tanaka, Tetsuya Fujiwara, Kazuhisa Uemura, Kenji Shimizu, Kenji Shimizu, Tetsuya Fujikawa, Kazuhisa Uemura, Susumu Komori, Kazuo Aoki

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Value to Society Provided by NHK Spring Group

NHK Spring produces key components for many applications with products that utilize the characteristics of springs at the core, including automobiles, data communications, industry, and lifestyle. We will introduce some of our products as a representation of how we contribute to society through building innovative products and providing value to the world.

Automotive suspension springs

Coil springs absorb shock and vibration from the road surface. Stabilizer bars help prevent automobiles from being affected by cornering and lane changes. Leaf springs also 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. We completely in-house from design and development through assembly. Our seats 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 manufacturing methods. These products are highly reliable in their support of high-performance 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.

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.

Metal base printed wiring boards

Each core provides superior heat dissipation by coating metal such as aluminum and high heat-conductive insulation. These boards improve performance and reliability of the product. In addition, these boards are used in many industries such as automobiles, electronics, architecture and civil engineering.

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.

Motorcycle

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.

Automobiles

Leaf springs help improve fuel efficiency of automobiles.

Stabilizer bars help prevent automobiles from being affected by cornering and lane changes.

Coil springs absorb shock and vibration from the road surface.

Valve springs are used in clutch dampers used in automatic and manual transmissions in automobiles.

Disc springs are used in CVT and automatic transmissions in automobiles.

Motor Core is made up of the magnetic cores of the rotor and stator.

Super Seal / Super Sheet

These materials are made of special urethane foam and used in semiconductor manufacturing equipment and even electrostatic chucks integrated with both heaters and coolers.

Automotive 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.

Automotive suspension springs absorb shock and vibration from the road surface. Stabilizer bars help prevent automobiles from being affected by cornering and lane changes.

Valve 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.

Arc springs are used in CVT and automatic transmissions in automobiles.

Disc springs are designed for clutch dampers used in automatic and manual transmissions in automobiles.

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Super Seal / Super Sheet is made of special urethane foam.

Tension balancers are used in cables that provide electricity to the railroad pantograph.
Operating Results

<table>
<thead>
<tr>
<th>Accounting Period</th>
<th>Operating income (¥ hundred million)</th>
<th>Operating margin (%)</th>
<th>Ordinary income (¥ hundred million)</th>
<th>ROS (%)</th>
<th>Net income (¥ hundred million)</th>
<th>Dividend payout ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended in March 2014</td>
<td>37,480</td>
<td>6.6</td>
<td>35,041</td>
<td>5.5</td>
<td>36,410</td>
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<tr>
<td>Year ended in March 2015</td>
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<td>7.3</td>
<td>39,075</td>
<td>6.5</td>
<td>36,911</td>
<td>6.5</td>
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<tr>
<td>Year ended in March 2016</td>
<td>43,387</td>
<td>7.8</td>
<td>40,075</td>
<td>6.5</td>
<td>37,479</td>
<td>6.5</td>
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<tr>
<td>Year ended in March 2017</td>
<td>46,338</td>
<td>8.0</td>
<td>43,021</td>
<td>6.6</td>
<td>38,840</td>
<td>6.5</td>
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<tr>
<td>Year ended in March 2018</td>
<td>49,290</td>
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<td>45,568</td>
<td>6.6</td>
<td>39,123</td>
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Profitability

<table>
<thead>
<tr>
<th>Profitability</th>
<th>ROS (%)</th>
<th>EPS (¥ hundred million)</th>
<th>PBR</th>
<th>PER</th>
</tr>
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<tbody>
<tr>
<td>Year ended in March 2014</td>
<td>4.3</td>
<td>9.3</td>
<td>1.1</td>
<td>12.1</td>
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<td>7.9</td>
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<td>6.3</td>
<td>1.0</td>
<td>13.0</td>
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<tr>
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<td>1.0</td>
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<tr>
<td>Year ended in March 2018</td>
<td>4.0</td>
<td>7.9</td>
<td>1.0</td>
<td>13.0</td>
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</table>

Financial Condition

<table>
<thead>
<tr>
<th>Financial Condition</th>
<th>Total assets (¥ hundred million)</th>
<th>Riyoku rate (%)</th>
<th>Equity ratio (%)</th>
<th>Capital expenditure (¥ hundred million)</th>
<th>Depreciation (¥ hundred million)</th>
<th>Research and development expenses (¥ hundred million)</th>
<th>Sales ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended in March 2014</td>
<td>464,972</td>
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<td>43,798</td>
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<tr>
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<td>279,699</td>
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<td>42,674</td>
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<tr>
<td>Year ended in March 2017</td>
<td>541,741</td>
<td>2.4</td>
<td>279,699</td>
<td>2.5</td>
<td>44,858</td>
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<tr>
<td>Year ended in March 2018</td>
<td>572,579</td>
<td>2.4</td>
<td>292,839</td>
<td>2.5</td>
<td>43,798</td>
<td>2.4</td>
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Shareholder return

<table>
<thead>
<tr>
<th>Shareholder return</th>
<th>Cash dividends (¥ hundred million)</th>
<th>Dividend payout ratio (%)</th>
<th>Sales ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended in March 2014</td>
<td>20</td>
<td>23</td>
<td>2.4</td>
</tr>
<tr>
<td>Year ended in March 2015</td>
<td>20</td>
<td>23</td>
<td>2.5</td>
</tr>
<tr>
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<td>22</td>
<td>23</td>
<td>2.5</td>
</tr>
<tr>
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<td>22</td>
<td>23</td>
<td>2.5</td>
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<tr>
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<td>23</td>
<td>2.5</td>
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</table>

Cash flows

<table>
<thead>
<tr>
<th>Cash flows</th>
<th>Net cash provided by operating activities (¥ hundred million)</th>
<th>Cash flows from investing activities (¥ hundred million)</th>
<th>Net cash used in financing activities (¥ hundred million)</th>
<th>Cash and cash equivalents at end of year (¥ hundred million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended in March 2014</td>
<td>43,798</td>
<td>(27,914)</td>
<td>(16,200)</td>
<td>61,993</td>
</tr>
<tr>
<td>Year ended in March 2015</td>
<td>44,858</td>
<td>(24,433)</td>
<td>(5,264)</td>
<td>83,439</td>
</tr>
<tr>
<td>Year ended in March 2016</td>
<td>42,674</td>
<td>(23,582)</td>
<td>(13,672)</td>
<td>72,238</td>
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<tr>
<td>Year ended in March 2017</td>
<td>44,858</td>
<td>(23,137)</td>
<td>(15,702)</td>
<td>82,493</td>
</tr>
<tr>
<td>Year ended in March 2018</td>
<td>43,798</td>
<td>(27,753)</td>
<td>(13,672)</td>
<td>95,007</td>
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Net sales

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<th>Operating margin (%)</th>
<th>Ordinary margin (%)</th>
<th>ROS (%)</th>
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<tr>
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<td>6.6</td>
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<tr>
<td>Year ended in March 2015</td>
<td>6.5</td>
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<td>5.4</td>
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<tr>
<td>Year ended in March 2016</td>
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<td>5.4</td>
</tr>
<tr>
<td>Year ended in March 2017</td>
<td>5.5</td>
<td>5.6</td>
<td>5.4</td>
</tr>
<tr>
<td>Year ended in March 2018</td>
<td>5.5</td>
<td>5.6</td>
<td>5.4</td>
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</table>

Research and development expenses

<table>
<thead>
<tr>
<th>Research and development expenses</th>
<th>Operating income (¥ hundred million)</th>
<th>Ordinary income (¥ hundred million)</th>
<th>Net income (¥ hundred million)</th>
</tr>
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<tbody>
<tr>
<td>Year ended in March 2014</td>
<td>374</td>
<td>246</td>
<td>204</td>
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<tr>
<td>Year ended in March 2015</td>
<td>390</td>
<td>238</td>
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<td>364</td>
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<tr>
<td>Year ended in March 2018</td>
<td>364</td>
<td>250</td>
<td>204</td>
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Shareholder return

<table>
<thead>
<tr>
<th>Shareholder return</th>
<th>Cash dividends (¥ hundred million)</th>
<th>Dividend payout ratio (%)</th>
<th>Sales ratio (%)</th>
</tr>
</thead>
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<tr>
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<td>23</td>
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<tr>
<td>Year ended in March 2015</td>
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<tr>
<td>Year ended in March 2017</td>
<td>23</td>
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<td>2.4</td>
</tr>
<tr>
<td>Year ended in March 2018</td>
<td>23</td>
<td>23</td>
<td>2.4</td>
</tr>
</tbody>
</table>
In fiscal 2017, the Japanese economy gradually recovered thanks to improved corporate profit, a rising stock price, and better employment environment.

The world economy continued to show economic expansion with the United States increasing personal consumption and capital investments. Asian regions showed ongoing economic growth thanks to the restored exports and effectiveness of economic policies in China. Thailand and India have also seen recovery.

In the automotive market, which is one primary business field of our Group, vehicles sold in Japan requiring registration had disqualification inspection issues discovered last fall and dropped compared to the previous year, while compact vehicle sales increased 2.3% year-on-year to 5,197 thousand vehicles from increases due to circumstances such as the impact of injecting new vehicles to the market. Finished car exports also increased 3.2% to 4,786 thousand units compared to the previous year.

In fiscal 2017, the Japanese economy gradually recovered thanks to improved corporate profit, a rising stock price, and better employment environment.

The number of automotive vehicles produced in Japan increased 3.4% to 9,676 thousand units compared to the previous year as well.

In the IT equipment industry, another primary business area for our group, orders increased from the previous year due to the strength of increased SSD (solid state drive) production spurred by robust production for data centers while production decreased for computers.

In this type of business environment, net sales increased 5.2% to ¥605,735 million, operating income declined by 12.5% to ¥35,541 million, and net income attributed to the owners of the parent company declined by 18.3% to ¥20,495 million.

In the IT equipment industry, another primary business area for our group, orders increased from the previous year due to the strength of increased SSD (solid state drive) production spurred by robust production for data centers while production decreased for computers.

In this type of business environment, net sales increased 5.2% to ¥605,735 million, operating income declined by 12.5% to ¥35,541 million, and net income attributed to the owners of the parent company declined by 18.3% to ¥20,495 million.

In the IT equipment industry, another primary business area for our group, orders increased from the previous year due to the strength of increased SSD (solid state drive) production spurred by robust production for data centers while production decreased for computers.

In this type of business environment, net sales increased 5.2% to ¥491,510 million, operating income increased by 49.0% to ¥27,185 million, and net income attributed to the owners of the parent company increased by 277.3% to ¥14,197 million.

The number of automotive vehicles produced in Japan increased 3.4% to 9,676 thousand units compared to the previous year as well.

Net sales of the IT equipment industry increased 5.4% year-on-year to ¥491,510 million due to increases in notes paper, and long- and short-term borrowings totaled ¥53,283 million, a decrease of ¥107 million at the end of the previous period.

Cash flow
Net cash from operating activities decreased by ¥5,852 million from the year earlier to ¥49,811 million. This was primarily due to a decrease in net income for the current fiscal year before adjustments such as taxes as well as an increase in payments such as corporate taxes.

Net cash from expenditures of investment activities increased by ¥6,202 million from the year earlier to ¥32,955 million. This is primarily due to an increase in expenditures from the acquisition of tangible fixed assets.

The cash flow generated by our financial activities had an excess over expenditure of ¥5,960 million, which was a ¥10,955 million decline in expenditures compared to the previous fiscal year. This is primarily due to the reimbursement of straight bonds and lack of expenditures from the acquisition of treasury stock.

As a result of the foregoing, cash and cash equivalents at end of the period increased by ¥12,513 million at the end of the previous period to ¥95,007 million. Corporate bonds, commercial paper, and long- and short-term borrowings totaled ¥53,283 million, a decrease of ¥107 million at the end of the previous period.
Further Active Expansion in Japan

We are actively advancing business expansion, such as establishing new production sites, together with our Group companies.

Establishing Oshu Plant, Tohoku Nippatsu

Tohoku Nippatsu has set up Oshu Plant in Oshu City, Iwate, which began operations in December 2017. Our company needed to establish and transition production to its own plant after the company handling the pressed parts for automotive seat frames manufactured by NHK Spring shut down. On December 18th, Corporate Officer Yui Shibuya, Tohoku Nippatsu President Tomoyuki Chiba, Oshu Mayor Masaki Otsuka, and Director General Tomoku of the Iwate Prefecture Commerce, Industry, Labor, and Tourism attended the signing ceremony held for the location of the plant.

Newly Established NHK Seating Mizushima Began Operation

NHK Seating Mizushima, established in July 2017, leased a plant and equipment from local companies and started production of automotive seats ordered by Mitsubishi Motors in January 2018. NHK Seating Mizushima is currently moving forward with the setup of a new production line inside Mitsubishi Motors Corporation's Mizushima Plant.

Safety Ceremony for the Miyada Plant, Industrial Machinery and Equipment Division

On January 22, 2018, a safety ceremony was held at the intended site of the new plant in Miyada, Nagano. The Miyada Plant will be established on the site of the Chemical Products Department and will be the second plant to produce components for equipment to manufacture semiconductors for the Chemical Products Department, which are currently being made by the Isehara Plant. We plan to begin production after the plant is partially complete in order to handle the rapid need for increased production. Production and construction will proceed simultaneously.

Safety Ceremony for No. 12 Plant in Ina

In March 2018, a safety ceremony was held on the grounds of the new No. 12 Plant in Ina City, Nagano. The mayor of Ina City, Takashi Shiotori, attended the ceremony together with representatives of NHK Spring. The No. 12 Plant will be built on the NHK FLEX site to respond to the increased production of automotive precision springs at our Ina Plant. The new plant is scheduled to be completed in November and start operations in January 2019 in a two-story building boasting a total floor area of 6,988 square meters.

NHK MEC Corporation Plant Extension

On May 29, 2017, NHK MEC Corporation (hereinafter “MEC”) held a ceremony to lay the cornerstone for the new extension of the Komagane Plant in Komagane City, Nagano. The production space and other areas of the MEC Komagane Plant have become narrow and, in anticipation of further business expansion in the medium and long term, an extension was built on the neighboring lot. We completed this new wing in 2018 and held a completion ceremony on May 17.

Business activity highlights 2017

TOPICS

Active Participation of Top Athletes at NHK Spring

In track and field, our top athletes competed and performed magnificently in competitions worldwide. Kaede Miyasaka (triple jump) won the All Japan Championships for the second consecutive year. Kanae Tatsuta (pole vault) took second at the Japan National Industrial Teams Championships. Yurina Hiraka (long jump) placed fifth at the East Japan Industrial Track and Field Championships. In women’s soccer, Mizuki Hirakuni joined the company in April 2018 as a new member of the NHK Spring Yokochara FC Seagulls in the Second Division Women’s Football League. Mizuki Oshima as well as her teammates worked hard with the hope of being promoted to the First Division of the Women’s Football League. In the future, we hope the participation of these top athletes will heighten the familiarity and brand image of NHK Spring while helping cultivate a sense of solidarity throughout the Group.

Social Contribution Activities of the NHK Spring Group

Throughout the Group we actively promote activities that contribute to society.

Donation of Two Wheelchairs to the Yokohama City Hospital [NHK Spring Mutsumi-ka]

The NHK Spring Mutsumi-ka organized by our Group companies in Japan (hereinafter “Mutsumi-ka”) donated wheelchairs to the Yokohama City University Hospital located next to the Yokohama Office as part of its social contribution activities. This year is the 20th annual donation to the Yokohama City Hospital from the money raised by selling used books provided by employees of the NHK Spring Group. Ruiyu Yoshino, Mutsumi-ka Chairman (President of NHK Sales), presented two wheelchairs to Michiko Aihara, Director of the Yokohama City University Hospital, on June 21, 2018. Director Michiko Aihara shared her thanks and presented us with a letter of appreciation.

Nippatsu Harmony Opens Shiga Office

Nippatsu Harmony, a special subsidiary for persons with disabilities, opened the Shiga Sales Office in April 2017 and began operations by recruiting three new employees. This is our first sales office in western Japan.

*The positions of the members included herein is current as of the date of the donation.

*Athletes affiliated with NHK Spring are introduced on the NHK Spring Athlete website. https://nhkspringathlete.com/
NHK Air Spring Plastic (Guangzhou) Co., Ltd.
- Main Activities: Production of automotive air springs

NHK Air Spring Plastic (Shanghai) Co., Ltd.
- Main Activities: Production of automotive air springs

NHK Air Spring China Company (Huizhou) Co., Ltd.
- Main Activities: Production of automotive air springs

NHK Air Spring China Company (Dezhou) Co., Ltd.
- Main Activities: Production of automotive air springs

NHK Air Spring China Company (Changzhou) Co., Ltd.
- Main Activities: Production of automotive air springs

NHK Air Spring China Company (Jinan) Co., Ltd.
- Main Activities: Production of automotive air springs

NHK Air Spring China Company (Zibo) Co., Ltd.
- Main Activities: Production of automotive air springs

NHK Air Spring China Company (Heze) Co., Ltd.
- Main Activities: Production of automotive air springs

NHK Air Spring China Company (Yiwu) Co., Ltd.
- Main Activities: Production of automotive air springs

NHK Air Spring China Company (Shaoxing) Co., Ltd.
- Main Activities: Production of automotive air springs

NHK Air Spring China Company (Haimen) Co., Ltd.
- Main Activities: Production of automotive air springs

NHK Air Spring China Company (Hefei) Co., Ltd.
- Main Activities: Production of automotive air springs

NHK Air Spring China Company (Fuyang) Co., Ltd.
- Main Activities: Production of automotive air springs

NHK Air Spring China Company (Zhenjiang) Co., Ltd.
- Main Activities: Production of automotive air springs
We understand the responsibilities of the Group as a member of society, and we aim for consensus within the Group to ensure CSR proceeds smoothly. The CSR Committee recognizes various issues in governance, compliance, risk management, respecting human rights, and social contribution as issues that need to be addressed as a Group, and as such engages in activities within the scope of corporate social responsibility.

NHK Spring regards its corporate philosophy of “contributing to the development of an affluent society through the realization of an attractive corporate identity,” as the basis of our management policy.

NHK Spring has a wide range of stakeholders through providing innovative products in each of our primary business fields—automobiles, data communications, industry and lifestyle. We will meet the expectations of shareholders, investors, customers, partners, employees and local communities to resolve wide-ranging social issues as a trusted company.

We are strengthening our corporate governance to ensure that we conduct our business in a proper manner, and we aim to increase our corporate value from a medium to long term perspective. We are continuously raising awareness and enhancing an effective risk management system to facilitate higher recognition about compliance throughout the entire group. We will also always respect human rights and promote diversity in our human resources. In addition, we actively encourage global and local environmental conservation in-line with NHK Spring guidelines and action plans to co-exist and create harmony with the global environment in our corporate activities.

We updated our Employees Code of Conduct in May 2017 to encourage ethical actions by NHK Spring executives and employees and highlight actions prohibited by legal standards. Our fiscal 2018 management policy raises the promotion of thorough compliance and recognizes the importance of corporate ethics in our work to always thoroughly comply with laws and regulations in order to remain a company which continues to enjoy the trust of all its stakeholders. NHK Spring Group companies are found in various regions both in Japan and overseas. As our circle of co-existence with local communities and the world grows wider, we have endeavored to solve global social issues as a group 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 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 27, 2018.

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 defined in the medium term management plan 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 Board of Managing Directors 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.
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. The system is built to promote CSR under the supervision of the President with the Chief Corporate Officer of the Corporate Planning & Control Division responsible for each Compliance Officer providing guidance while the CSR Department in the Corporate Planning & Control 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 via 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 addition, we regular broadcast compliance communications and distribute case files as information that play a role in preventing compliance violations.

We publish a President’s message every November in the NHK Spring Ethics Monthly communication and strive to shine a light on compliance throughout the entire Group through efforts such as displaying posters and planning various events while raising awareness about compliance in the workplace. Furthermore, we have put in place a hotline with the internal legal department and external legal firms for both NHK Spring as well as Group companies in Japan. This establishes a system in which employees are able to consult about or report internally their concerns. We are also gradually introducing this same system at overseas Group companies, including those in North America and China.

Facilitating continued compliance awareness of each employee

A sense 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 hands-on training in a group work format. We also regularly distribute compliance communication, issue compliance case files, 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 whether part of one’s work or not. We engage in initiatives related to compliance directly related to our Group employees through a wide range of efforts such as aligning seminars with the publishing of the NHK Spring Ethics Monthly communication by inviting outside instructors as well as distributing compliance cards. We will conduct a broad variety of ongoing initiatives in the future for the purpose of further raising compliance awareness throughout the entire Group.

Basic approach to corporate governance

The NHK Group BCP Basic Policy and NHK Group BCP Guidelines are distributed to all NHK Group companies. 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. Since 2011, NHK Spring Group companies in Japan have taken part in initial response drill after a large earthquake, and training in initiating recovery. After reviewing this training, we revise our BCP and manuals to provide more practical responses to disasters and improve our risk management systems.

We have also begun holding initial response drill at overseas Group companies from 2015.

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 loan 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.

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.

Building an effective business continuity management system

Learning the lessons of the Great East Japan Earthquake as well as other natural disasters and risks, NHK Spring, while engaging in revision of a BCP that should minimize the damage caused by unexpected situations, is also striving toward building a management system.

Specifically, all relevant persons are given insight on how to continue the business if equipment, suppliers or employees are affected. We examine measures, formulate a plan and put it into practice. This raises the consciousness of all, climates problems in the BCP, as we strive for improvement.

I am diligent in the daily drill with the local volunteer fire corps. I believe I can support the various disaster drills within the NHK Group and enrich my experience in this activity, my knowledge and skill. In the future, we will propose systems able to construct independent training at each site while working to formulate BCP and training for the various risks our overseas Group companies face.

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

**Basic approach to corporate governance**

As we keep an eye on environmental changes both in Japan and abroad, 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 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 from scratch
2. Prevent quality and delivery problems for new start and products that have changes in 4M
3. Cultivate a culture of quality and prevent violations
4. Increase the level of reoccurrence prevention activities
5. Increase the level of supplier management

**Specific arrangements**

1. **Re-evaluate the process guarantee level from scratch**
   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 start 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) Regularly confirm the level of prevention for violations
4. **Increase the level of reoccurrence prevention activities**
   1) Improve the ability to pursue essential causes
   2) Enhance horizontal expansion
   3) Conduct regular inspections of past problems led by top management
5. **Increase the level of supplier management**
   1) Build systems where improvements can spiral-up
   2) Optimize QA gates suitable to the capabilities of suppliers
   3) Fully inspect direct deliveries and functional products delivered by suppliers

**Acquired certification from the International Organization for Standardization**

NHK Spring first acquired the ISO 9001 international standardization certificate for the Atsugi Plant in 1996, and since then, all of its 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 different regions.

- IATF 16949: 2016 certification acquired for **24 plants**
- ISO/TS 16949 certification acquired for **12 plants**

(As of September 2018)

**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.

Commended by many customers

**Commended**

Yuya Yamamoto

MITSUBISHI MOTORS CORPORATION

Interior Parts and After-sales Purchasing Department Manager

**Expectation of a Global Production and Supply System**

Mitsubishi Motors purchases automotive seats, automotive suspension springs, and precision engine springs from NHK Spring. I am in charge of the seats. The seats for the Mizushima Plant in Okayama Prefecture are currently compatible with all of the production sites overseas in Thailand, Indonesia, and the Philippines.

NHK Spring has built an efficient production line and strengthened its on-site production systems in the ASEAN region founded in its high-level of technical capabilities. I must also praise the company for its sincere efforts in technical considerations for new model vehicles to provide specific proposals.

We are dramatically reforming our purchasing systems as the automotive industry approaches a major transformational period. I expect NHK Spring will build global production and delivery systems as a major component supplier as well as pursue more competitive prices than its competitors.
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.

- **By type of shareholder**
  - Individuals and other (including own shares): 11.3%
  - Other Japanese corporates: 16.3%
  - Non-Japanese: 30.6%
  - Financial institutions: 40.7%
  - Financial product traders: 1.1%

- **By size of shareholding**
  - 1 million shares or more: 72.9%
  - 10,000 shares or more: 21.9%
  - 5,000 shares or more: 1.4%
  - 1,000 shares or more: 3.2%
  - 500 shares or more: 0.2%

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 2017, we held two briefings in May and November. We will continue to make every effort to release information to analysts and investors.

FY2017 Return of profit

Performance in fiscal 2017 is available in the Financial Highlight (P8-11). Dividends for this term were ¥23 per share (yearly) to continue long-term stable payout to all of the shareholders.

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**Shinji Kakiuchi**
Morgan Stanley MUFG Securities Co., Ltd.
Executive Director

Investors Praise the Advanced Technology from Metal Fabrication to Material Analysis

As a security analyst, I look at aspects of NHK Spring such as the financial statements, corporate strategies, and medium-term management plans to provide my analysis and information to investors. NHK Spring leverages its proprietary strengths to conduct business with a wide range of automotive manufacturers and anticipates the changing needs of its customers. I commend their advanced technological capabilities from metal fabrication to material analysis and believe improvements to the lightness and rigidity of components such as their coil springs and seat frames largely contribute to the environmental and safety aspects of the automotive industry.

I anticipate the standardization of electric and self-driving vehicles to accelerate in the future, which in turn means structural changes such as built-in motors and batteries as well as greater demand for comfortable seats. Investors are focused on whether the core technology possessed by NHK Spring can be utilized in these regions. I think new unconventional challenges will be vital for automotive and automotive component manufacturers.

NHK Spring also engages in unique efforts to support top athletes. The employment of these athletes will improve the solidarity of employees and focus a driving force to overcome uncharted changes in the automotive industry.
Employees

Our company places great value in our people. NHK Spring considers our employees to be important assets, and we make great effort in hiring and training them. In order to be a company where each employee’s diverse sense of values can play an active role, we aim not only for diversity, but also enrichment through workplace health and safety and employee welfare.

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.

<table>
<thead>
<tr>
<th>Ideal Human Resources</th>
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</thead>
<tbody>
<tr>
<td>Has an interest in new things, and resolutely meets challenges</td>
</tr>
<tr>
<td>Recognizes the individuality of co-workers and sets goals together</td>
</tr>
<tr>
<td>Views matters from various perspectives</td>
</tr>
</tbody>
</table>

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 order to make successful recruitment, we actively use 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 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.

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. Our recruiting sessions provide opportunities to talk freely to newer employees of NHK Spring acting as recruiters. This gives students the chance to hear what it is actually like to work for us. The students hear about our corporate culture and environment, and what life in the company will be like once they start working. We provide information on the recruitment website, and we have links to our recruitment page on our main website. Finally, we also put up advertising posters aimed at new graduates in railway stations.

With regards to diversity of human resources, we have established six offices—three in Kanagawa Prefecture, two in Nagano Prefecture, and one in Shiga Prefecture—where 67 people with disabilities are happily working. In fiscal 2017, 43 people from local special education schools and corporations participated in training. A total of 472 people from various corporations, schools, and related government officials visited and toured our facilities.

Initiatives Toward Work-style Innovation

NHK Spring works from a variety of different angles to realize a motivating workplace that is both safe and secure, such as more efficient operations and flexible employment systems. I am mostly tasked with setting up and revising personnel systems. However, as the diversity of the employees within the company grows, in the spring of 2018, we launched the “Smart Work Process” internal committee to innovate work styles and started engaging in company-wide activities. Stepping up to new challenges and putting every effort into acquainting what needs to be changed and what must change as a company is vital, but the most valuable asset of NHK Spring is the safety as well as physical and mental health of employees. We need to introduce flexible work styles and incorporate new technologies with this as the central axis. I hope we can strive forward in work-style innovation from the aspects of human resources so that our employees can be even more motivated than ever before while ensuring that NHK Spring will always be a company able to contribute to the growth of a prosperous society as an attractive organization.

OCCUPATIONAL HEALTH AND SAFETY AND IMPROVING HEALTH

With regards to occupational health and safety, we have 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 business establishment.
- Risk assessment: Method to find, mitigate, and eliminate potential dangers and hazards in workplaces.
- Risk prevention: 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 PDSA cycle to the occupational safety and health management system for continual further improvement.

Employing the people with disabilities

The Group aims for the people with disabilities and those without to work together ‘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 Trading have enlisted 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

As of the end of March 2018, these companies have established six offices—three in Kanagawa Prefecture, two in Nagano Prefecture, and one in Shiga Prefecture—where 67 people with disabilities are happily working. In fiscal 2017, 43 people from local special education schools and corporations participated in training. A total of 472 people from various corporations, schools, and related government officials visited and toured our facilities.

Initiatives to improve health

We believe preserving and bettering the health of employees at NHK Spring helps to enhance sustainable corporate value and so we are promoting health measures by clarifying the purposes of the company, employees and health management staff. To enhance health even further, we set up the Central Health Promotion Committee in fiscal 2017 under the authority of the Central Health Promotion Council, which is the highest authority in promoting health with the Executive Vice President at the helm. This committee formulates policies for health measures throughout the entire organization, confirms the progress, and investigates action items. In conjunction with this effort, we also appointed members for the health promotion committee and a person in charge of health promotion at each business site to advance various health measures.

As a target for promoting health for fiscal 2018, in 2016 we set an appropriate weight of 20% or less above BMI25 and a rate of employees requiring blood pressure consultations at all of our business establishments to 15% or less. We are also providing more opportunities for exercise by handing out activity schedules to employees, visualizing the level of health by setting up body composition analyzers and blood pressure meters, as well as nutritional efforts that use the cafeteria at each business site, among other activities. After successfully achieving the blood pressure targets for fiscal 2017, we have increased our health promotion activities and revised the fiscal 2018 target to the number of employees requiring blood pressure consultations at all of our business establishments to 13% or less.

We are conducting new initiatives in mental health efforts, including support for high-stress workplaces using stress checks and ongoing individual support for people under a high level of stress. In addition we revisited our new management and supervisor training and e-learning for management and supervisors which began in fiscal 2017. In March 2018, NHK Spring Group companies also promoted health management. Our Group companies and the health insurance society joined forces and entered into the NHK Spring Group Health Commitment jointly signed by the presidents of each Group company to move forward based on the belief that promoting better physical and mental health of employees is an important part of work-style innovation.
**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.

In fiscal 2012, we entered agreements with non-profit organizations with which our employees can inquire about family care whether in Japan or overseas for the purpose of alleviating concerns and lightening the burden when employees need to care for a family member.

In the two years between fiscal 2016 and 2017, we have held a total of 17 family care seminars through the entire organization with a total of roughly 440 people participating.

In addition to the child and family care programs as well as our existing temporary leave benefits, we also introduced a Group Long Term Disability (GLTD) program in fiscal 2018 to support lower incomes due to treatments for long-term injuries or sicknesses.

**Introducing a GLTD Program**
NHK Spring adopted a GLTD program in fiscal 2018. This program subsidizes the primary living expenses when an employee cannot work in the long term due to sickness or injury. This promotes an environment where employees can work with confidence from an employee welfare perspective.

**Step-counting events as a health visualization program**
Our employees regularly hold an independent step-counting event for fun as part of the Health Visualization Program.

In this event, participants walk a virtual course and count the number of steps using an activity meter. This year the step-counting event took on an Okinawa theme where roughly 900 people—equivalent to 20% of all NHK Spring employees—walked while sightseeing between April and June 2018.

The event also included a competition between each plant and presents for the winners, which brought even more excitement. An event was also held to award points for walking and measuring body composition. Promoting health effectively limits medical costs and helps to invigorate communication between employees by sharing how many steps they took the previous day and where they are currently ranked.

**Holding health seminars for women**
The Women’s Health Seminar was held to help women stay healthy and enthusiastic in the workplace. This seminar aimed to deepen understanding about sicknesses and characteristics unique to women. The participants learned about independent health management through a lecture in addition to touching a palpation examination model for breast cancer and measuring the healthiness of the skeletal system.

**Holding the NHK Spring Sports Festival 2017**
We held the NHK Spring Sports Festival 2017 for employees and their families at the Yokohama Cultural Gymnasium in October 2017. The festival this year expanded the scale to bring together roughly 800 employees and their families from the Yokohama, Atsugi and Isehara plants at the competition held in Kanagawa Prefecture. Participants were able to communicate with one another away from work with excitement that included ball-toss games, tug-of-wars, and relay races.

**Measuring the healthiness of the skeletal system**

**Sports festival held for the purpose of invigorating internal communication**
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 March 2016 as contact in the supply chain of chemical substances and legal compliance overseas becomes more and more important.

NHK Spring Group Partners Meeting

Our Group invites representatives from our partners to hold NHK Group Partners Meetings once a year. We explain our fiscal policies, challenges we need to address and other aspects of our business to foster understand and cooperation in strengthening the relationships with each partner company another level.

The Procurement Division describes our business environment and our basic approach to purchasing policy. The Engineering Division explains our policies and targets for quality and how the manufacturing divisions as well as business divisions are dealing with quality, seeking cooperation in improving quality.

Yuichi Sano
Sumitomo(SEI) Steel Wire Corp. President

Anticipating Support via On-site Overseas Production

As a comprehensive manufacturer of specialty steel wire products, Sumitomo (SEI) Steel Wire Corp. delivers products to a wide range of fields from civil engineering and construction to the automotive, electronics, and IT fields. NHK Spring uses our oil tempered wire for its automotive precision springs. Our corporate mission is to contribute to society through world-class quality as well as proposal and development capabilities able to respond to weight reduction, diversification, and globalization of the automotive industry.

We support greater workability able to help reduce costs while delivering products to NHK Spring sites from Itami, Hokkaido, and Indonesia.

The Basic Procurement Policies of NHK Spring outline a basic policy to build long-term partnerships based on mutual trust. We also have a philosophy to engage in fair business activities according to the Sumitomo Spirit which include “Put your heart into everything you do,” “Place prime importance on integrity and sound management” and “Steadiness and reliability are of the greatest importance; speculative profit should not be sought”. I see NHK Spring as a partner who mutually grows business and think that instilling these values in every employee is wonderful.

The demand for automobiles worldwide is expected to grow further in the future, and I anticipate NHK Spring will expand its share in regions outside of Japan by responding with on-site overseas production. The major management challenge for automotive companies is the replacement of engines with motors that support the transition to electric vehicles. Sumitomo (SEI) Steel Wire and NHK Spring will work together to quickly anticipate environmental changes and develop new products and applications.
Local communities

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.

**Involvement by NHK Spring**

Activities based on the NHK Spring Mitsuzawa Football Stadium

It is the 11th 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.

- **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.

Accepting internships

NHK Spring actively offers internships to provide work experience. In addition to offering work experience to high school students at the spring and seat plants in Yokohama in fiscal 2017, we also provided internships to university and graduate students. These work experiences offered a literature student to learn about our businesses in a classroom setting and a science student to learn practically in the Research & Development Division, Spring Development Department, and the Seat Evaluation & Analysis Department. Faculty from the junior and senior highs in Yokohama City were also able to experience the seat Development Department, and the Seat Evaluation & Analysis Department. Faculty from the junior and senior highs in Yokohama City also provided internships to university and graduate students. These activities in regional society brought us a cumulative total of 463,949.

- **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 nine plants in Japan and expanded the system to Group companies in Japan. This has allowed us to donate 137,430 school meals in fiscal 2017, which brings us to a cumulative total of 463,949.

- **Isahara Plant recognized for regional disaster prevention**
  Our Industrial Machinery & Equipment Division, Isehara Plant, recognized for regional disaster prevention activities in its safe management of hazardous materials for its safe management of dangerous materials. Our Industrial Machinery & Equipment Division, Isehara Plant, recognized for regional disaster prevention activities in its safe management of hazardous materials. Our Industrial Machinery & Equipment Division, Isehara Plant, recognized for regional disaster prevention activities in its safe management of hazardous materials.

Sponsoring and collaborating with local events

We sponsor, collaborate with and support local events in the communities where we operate.

- **Sponsoring the YOKOHAMA Beach Sports FESTA**
  The YOKOHAMA Beach Sports FESTA was held in August 2018 at a coastal park in the Kanazawa ward of Yokohama City. NHK Spring has participated as a main sponsor for two consecutive years.

- **Providing and Exhibiting Parts at the Student Formula SAE Competition of Japan**
  The Student Formula SAE Competition of Japan was held by the Society of Automotive Engineers of Japan at the Cigaya Sports Park (ECCPS) for five days from September 5 to September 9, 2017. NHK Spring sponsored the competition where university and vocational school students built and competed with their own vehicles. In addition to noise and gas emissions, the judging for this true competition centered on the student clubs conducted a static assessment that included an inspection of the vehicle as well as the cost and design in addition to a dynamic assessment that included acceleration and auto Rao. NHK Spring received requests from more than 30 universities to supply damper springs, which the company provided free of charge as part of its social contribution activities.

- **Providing礼品 for the Formula cars built by the students**
  We also contributed to the use of the gymnasium for the Special Olympics Nippon/Kanagawa, which supports people with intellectual disabilities, installation of vending machines, and supplied photos and material on our products for some teaching materials. In addition, each of our sites takes part in different events, working with local government and organizations.

- **Participating in the Tenryu River Environmental Picnic**
  The 24th Tenryu River Environmental Picnic was held by the Recycling System Society of Nagano Techno Foundation’s Ina Techno Valley Regional Center and others on May 20, 2017. Ina Plant, Disk Drive Suspension Komagane Plant, and the Industrial Machinery and Equipment Plant of NHK Spring, its Group companies, NHK MEC, and nearly 200 employees and their families from Nippon Shaft took part in the event. Everyone cleaned the riverbeds and walkways of Tenryu River. We participate in this picnic every year, and we will always strive forward in activities to protect the natural environment while raising awareness about global environmental conservation in the future.
NHK Spring Athlete Initiatives

**Holding YNUS & NHK Spring track & field jumping clinic**

On January 21, 2018, we held a track and field jumping clinic together with the Yokohama National University Sports Academy (YNUS)*. This is the second consecutive year of the event. On the day of the clinic, Kaede Miyasaka (General Affairs Dept.), Yurina Hiraka and Kanae Tatsuta (both Human Resources Dept.) participated as athlete employees to provide guidance on the fundamentals of jumping and body techniques to the 135 junior high and high school students as well as visiting track and field coaches who participated from Kanagawa. The participants engaged seriously in the clinic to absorb the techniques in this unique opportunity to learn things not normally taught in the club activities.

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

**Junior Soccer School held by NHK Spring**

We held the NHK Spring and Asahi Shimbun Junior Soccer School on July 29, 2018. Former Japan Team Member Tsuyoshi Kitazawa and others were invited as coaches in addition to the support given by Mizuki Hirakuni (General Affairs Dept.) from the Women’s Football League’s NHK Spring Yokohama FC Seagulls. The children ran around in the stadium usually used by the professional athletes while listening intently to the guidance from Tsuyoshi Kitazawa and the other coaches to fill the day with memories of the summer.

**Group company involvement**

**NHK Spring (China) Co., Ltd. signs an internship partnership agreement with Guangdong University of Foreign Studies**

On November 14, 2017, NHK Spring (China) Co., Ltd. signed an internship agreement with Guangdong University of Foreign Studies at the Guangdong University of Foreign Studies with Executive Vice President Hiroyuki Kado, who is the president of NHK Spring (China), and General Manager Makoto Asano of Nippan (Guangdong) in attendance. Over the four years since first entering into a partnership with Guangdong University of Foreign Studies in October 2013, NHK Spring (China) and Nippan (Guangdong) have accepted interns, two of whom have joined and are actively participating in each company after graduating. This new agreement allows for interns to not only learn on the job at NHK Spring (China) and Nippan (Guangdong) but also at the head office in Japan. This provides an opportunity for interns to further their experience in a Japanese organization and in Japanese culture, and it has become one aspect of our social contribution activities.

Work experience for junior high school students and the local summer festival (G.L.G. Co., Ltd.)

G.L.G., which operates a golf range in Kawasaki City, provides work experience for students from the local Kawasaki City Hiyoshi Junior High School. The students gain on-the-job experience in shifts, such as customer service at the front desk and maintenance of the golf boxes. A summer festival was also held with great success thanks to food stands run by local residents, stage presentations like dances, drawings and much more.

**Holding YNUS & NHK Spring track & field jumping clinic**

**Junior Soccer School held by NHK Spring**

**Group company involvement**

**NHK Spring (China) Co., Ltd. signs an internship partnership agreement with Guangdong University of Foreign Studies**

**Work experience for junior high school students and the local summer festival (G.L.G. Co., Ltd.)**

**Junior high school students handling customers service at the front desk**

**Executive Vice President Hiroyuki Kado (Right), General Manager Makoto Asano (Left) and Vice President of Guangdong University of Foreign Studies Jiao Fangtai shake hands.**

Participants from Kanagawa

Tsuyoshi Kitazawa provides instruction to the children who passionately chase the ball
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 CO₂
- 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 CO₂ Reduction and Waste Reduction Committees to respond to social needs
2. Involvement in specific issues
   1) Saving energy and reducing CO₂  2) Involvement in 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

We are striving to address environmental issues worldwide from a global Group perspective based on the Environmental Activity Policies drafted every year. We research new measures toward ongoing energy savings and introduce and expand those measures horizontally to build on the previous year to achieve our independent target to reduce unit consumption of CO₂ emissions by 1% or more in fiscal 2018.

In waste management, we continue zero emissions activities in Japan and promote restrictions in emissions by transitioning waste to useful resources. We also 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 2018

1. Encourage global environmental management
   1) Continuing CO₂ 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
Environmental Report

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 CO2 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

■ Environmental management and environmental auditing

ISO 14001 and environmental auditing

By conducting environmental audits, the NHK Spring Group checks whether Group company environmental management systems are functioning correctly according to ISO 14001. Environmental audits also help us comply with the laws on the environment, improve our environmental performance, isolate areas that need improvement, and lift our management capacity.

Environmental audits

People who have graduated from a specialized education program are appointed as the members who conduct environmental audits. We have also achieved zero emissions at all Group companies since 2009 and are continuing to at overseas Group companies.

Energy saving diagnostics

NHK Spring Group began energy conservation diagnostics in fiscal 2017. The diagnostic tested to representatives at each plant and checked the site to find new energy-saving measures for the purpose of effectively using resources and further reducing CO2 emissions. In fiscal 2017, energy saving diagnostics were conducted at a total of ten plants—six NHK Spring plants and four Group companies in Japan—and proposals for energy-saving measures were expanded horizontally. In the future, we will continue to improve the environmental performance throughout the Group by regularly conducting these diagnostics at each plant.

Environmental education

We conduct a variety of environmental education and consciousness-raising activities to ensure that all our employees carry out their regular jobs with knowledge of the environment and a high level of awareness of the issues.

Environmental education

Raising the environmental consciousness of individual employees is important to carrying out environmental work forward. Our Group has an excellent in-house training system to extend awareness of environmental issues, including a range of environmental education programs, training for internal environmental auditors, and encouragement to acquire external qualifications.

At NHK Spring, we offer different levels of education for all employees, as well as specialist training for staff with particular environmental responsibilities. General environmental education at different levels is included in our staff training program and is repeated with promotion. Specialist education is provided when staff begin new positions, and regular skill upgrading is also addressed.

Furthermore, abstracts of relevant domestic environmental laws have been periodically distributed to Group companies since fiscal 2014 to share information.

Fiscal 2017 external audits

External audits are conducted by an external registered auditing authority to verify whether the environmental management system complies with standards 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 2017; eight plants had surveillance audits for the ISO 14001; 2015, and three plants had a renewal audit. The results of these audits found that each of the plants and the environmental management systems are run correctly, that pollution is being prevented, and that we were making continuing efforts to improve.

Fiscal 2017 external audits

8 plants (surveillance audits), 3 plants (renewal audits)
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 as useful resources and high-calorie fuel. Food waste is being recycled as feed for livestock as well as being processed through fermentation and decomposition process using a food waste processor.

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.

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 make extensive use of renewable solar energy to promote energy saving and reducing CO₂ emissions.

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NHK Spring involvement at 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.

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NHK Spring fiscal 2017 targets and performance

We approach energy saving, reducing CO₂ emissions, recycling wastes and reducing pollutants in production in a planned way, setting specific targets to be achieved.

Energy saving

NHK Spring has long recognized the need for global environmental conservation and has striven to engage in energy-saving activities. We have been engaged in ongoing debate since the 1990s at the Energy Saving Subcommittee set up under the Global Environmental Measures Committee at that time, and today, we continually promote energy-saving activities by actively exchanging ideas at the CO₂ Reduction Committee. Our unit energy consumption in fiscal 2017 decreased by 1.2% compared to the previous fiscal year.

### Targets

**Unit energy consumption to sales: Annual reduction of 1% (based on fiscal 2016)**

<table>
<thead>
<tr>
<th>FY2017 target</th>
<th>FY2017 actual</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target unit consumption*</td>
<td>Unit consumption</td>
<td></td>
</tr>
<tr>
<td>99.0</td>
<td>98.8</td>
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</tr>
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</table>

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

Reduction in CO₂ emissions

We established the CO₂ Reduction Committee in 2008 to engage in CO₂ reduction activities in cooperation with affiliate companies in Japan. We have laid out specific reduction targets for CO₂ emissions for the entire Group and have been working to prevent global warming. We reduced the unit amount of CO₂ emissions 1.9% in fiscal 2017 compared to the previous year and achieved our fiscal target.

### Targets

**Per unit CO₂ to sales: Annual reduction of 1% (based on fiscal 2016) (According to independent targets)**

<table>
<thead>
<tr>
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<tr>
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<td>Unit consumption</td>
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<td>99.0</td>
<td>98.1</td>
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</tbody>
</table>

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

Recycling of waste

NHK Spring also worked to reduce the amount of landfills 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. In addition, the amount of waste increased compared to the previous fiscal year due to sludge, chemical treatment, and the transition of some valuables to waste, but waste reduction will improve by enhancing production activities and reforming waste processing in the future.

### Targets

**Maintain zero emissions across the entire company (Recycling rate of at least 99% achieved since fiscal 2004)**

<table>
<thead>
<tr>
<th>FY2017 target</th>
<th>FY2017 actual</th>
<th>FY2018 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue recycling rate of 99% or higher</td>
<td>Recycling rate of 100% (at least 99.95%)</td>
<td>Continue recycling rate of 99% or higher</td>
</tr>
</tbody>
</table>

*Waste index in fiscal 2016 is set as 100%
Environmental performance

**Domestic Group companies**

**Energy saving**

We have set a target to reduce the unit energy consumption 1% annually and conduct cooperative NHK Spring energy-saving activities with the base year set as fiscal 2009. In addition to furthering energy savings through efforts that include rationalizing production, we are striving to reduce CO2 emissions through measures that include thermal insulation of furnaces. As a result, we reduced the unit amount of CO2 emissions 4.6% in fiscal 2017 compared to the previous year and achieved our target. In addition, the basic unit of heating decreased year-on-year.

**Overseas Group companies**

**CO2 emissions**

The volume of CO2 emissions for overseas Group companies in fiscal 2017 accounted for 51% of the whole Group, which is the same ratio as the previous fiscal year. This breakdown shows a decrease of 2,000 tons in North America and an increase of 7,000 tons in Southeast Asia as well as 1,000 tons in China. In the future, we will further new activities to reduce CO2 emissions through energy conservation diagnostics of our plants and the expansion of energy-saving examples.

**Waste emissions**

The basic unit for the amount of waste in Japan has a tendency to increase, and our overseas Group companies are also showing a tendency for an increase in the amount of waste. The ratio of overseas waste for fiscal 2017 was 34% throughout all of the Group companies, but the emissions increased 2 points compared to last year. We will further resource recovery from waste through recycling activities on each site in the future because we are showing an upward trend of waste, especially in Southeast Asia and China.

**Energy saving**

Each company is engaged in energy-saving activities to mitigate energy consumption during production. We are systematically promoting improvement activities based on energy-saving examples of each company in North America and Southeast Asia. We are also expanding similar improvement activities as were carried out in Japan in other regions, to progress energy saving actions throughout the Group overseas.
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 2018 NHK Spring Report is our 11th. We have reviewed our page layout to make it easier to follow for our readers.

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 covers the fundamental 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 2017 to March 2018. As it is published in November, it will also include any major developments since April 2018.

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.