

Organizational Governance

NHK Spring Group's CSR Philosophy

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

NHK Spring Basic Global CSR Policy

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

1. Ensure transparency

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

2. Act ethically

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

3. Preserve the global environment

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

4. Nurture people

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

5. Engage globally as a Group

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

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



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

Message from the Chairman of the CSR Committee

Realizing a Sustainable Society



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

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

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

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

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

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

Corporate Governance

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

Basic approach to corporate governance

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

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

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

Corporate Governance

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

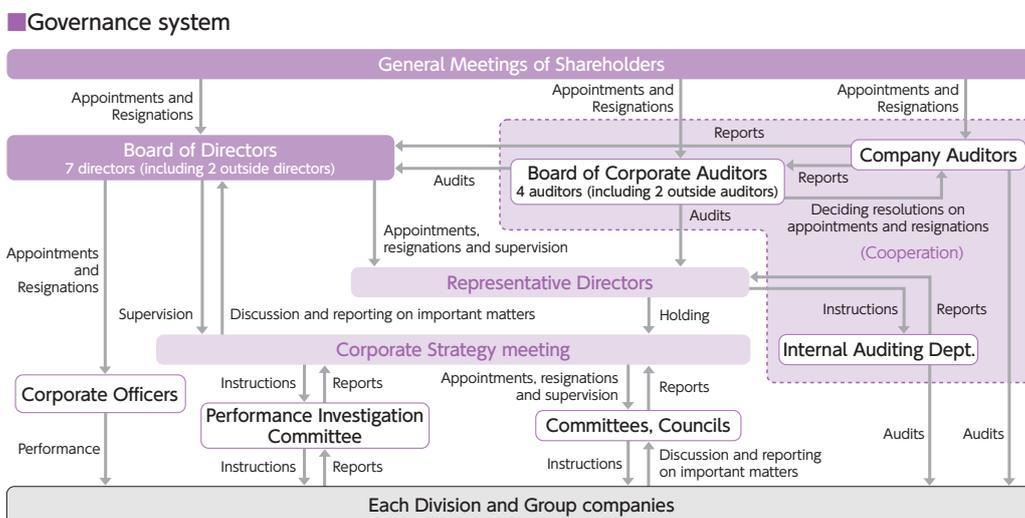
effectiveness in audits of that management.

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

Basic Policies of the Internal Control System

Our Group established the Internal Control System around the following:

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



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

Compliance

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

Initiatives for Compliance

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

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



Training on the prohibition of bribery at NHK Spring Thailand

raising awareness about compliance in the workplace.

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

VOICE



Ryohei Mukai
CSR Department

To heighten compliance awareness of each employee

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

Risk management

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

Risk management organization

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

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

Responding to risks

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

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

Business Continuity Management (BCM)

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

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



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

Ensuring information security

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

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



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

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Atsushi Negishima
Assistant Manager, CSR Department

Promoting a maintenance, update and management system for effective BCP

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

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

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

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Motoo Yamagami
Manager, Information Systems Department

Promote information security throughout the Group

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

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

Shareholders and investors

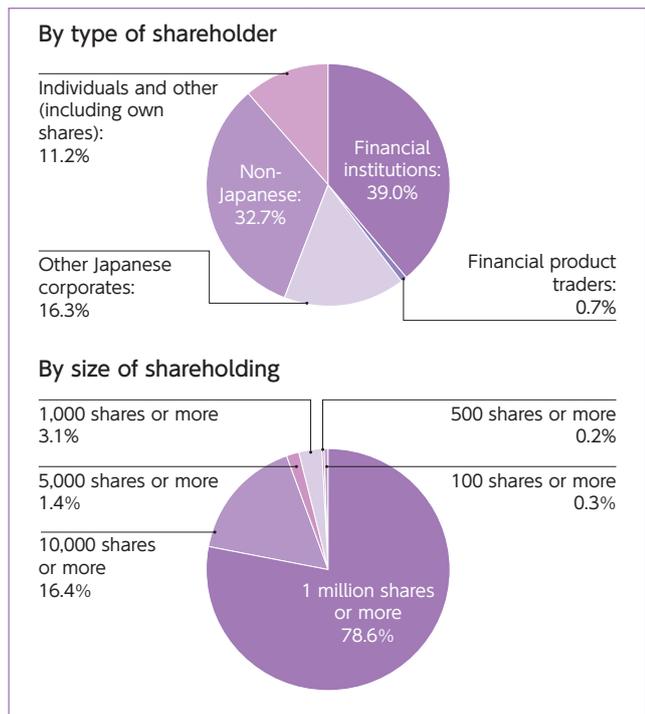
We believe that timely disclosure of the position and finances of NHK Spring is the key to support from shareholders and investors over the long term, and we strive to implement this.

Shareholder information and breakdown of shareholdings

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

The graph below shows the breakdown of shareholders.

Breakdown of shareholdings (As of March 31, 2019)



easy-to-understand manner.



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

Disclosing information for investors

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

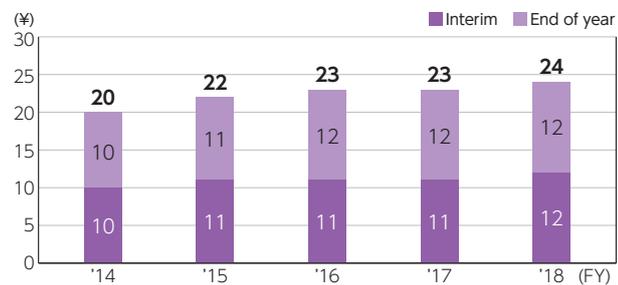


Briefing after release of accounts

FY 2018 Return of Profit

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

Change in amount of dividends paid



Dissemination of IR Information

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

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Hisahiro Yamaoka
 Nomura Securities
 Equity Research Department
 Vice President



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

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

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

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