

Building a better world by building innovative products

# NHK SPRING REPORT

Society · Environment · Finance  
April 2016 — March 2017

# | 2017



# Providing Attractive Products and Services to Be Recognized as the Best Corporate Group



*T. Kayamato*

Takashi Kayamato  
President and COO

*K. Tamamura*

Kazumi Tamamura  
Chairman & Chief Executive Officer

We would like to share our deep appreciation to all of the stakeholders who have given their ongoing support to our Group activities.

The Japanese economy is continuing to recover gradually thanks to improvements such as the employment and income environment. The global economy is also showing signs of recovery such as an increase in consumption and exports. However, there are many elements heightening concerns of stability such as future legislation in the United States, the impact of financial normalization and the unpredictable economic nature of emerging countries like China. A sufficient amount of caution is also required for shifts in business conditions and exchange rates.

An environment surrounded by these types of circumstances is unpredictable, but our Group will always provide attractive products and services to our customers as a basic policy of management in our corporate philosophy to foster healthy growth. These efforts aim to build a corporate group always recognized as the best by our customers, by every shareholder and by our partners. The management strategy of NHK Spring to establish a business structure in the

### Guiding Principles of NHK Spring

- Continuous progress
- Ceaseless excellence
- Caring teamwork

### Corporate Philosophy

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

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

automotive sector as well as the telecommunications sector as its two core businesses is found in the backdrop of our corporate philosophy. Our Group aims to maximize corporate stability and corporate value by deepening the technologies we have cultivated while providing many key parts that take advantage of new next-generation technologies. In the future, we will continue to build a strong foothold as a global supplier with superior customer response capabilities while at the same time maintaining and improving good relationships with all of our stakeholders.

Our Group has started the 2020 Midterm Plan, which is a medium term management plan with the final fiscal year of the plan set as fiscal 2020. This 2020 Midterm Plan aims to surpass the highest-level of profits in the past by continuing active capital investment into new products and new corporate bases while increasing sales through greater profitability at existing sites, enhancements to overseas sites and the expansion of existing products.

### 2020 Midterm Plan Targets

Net sales/profit-loss targets		Financial indicator targets	
● Net sales	¥710 billion	● Ordinary income	8% or higher
● Operating income	¥54 billion (Profitability 7.6%)	● ROE	10% or higher
● Ordinary income	¥57 billion (Profitability 8.0%)	● Payout ratio Target approx.	30%
● Net income	¥38 billion (Profitability 5.4%)		

### 2020 Midterm Plan Business Strategies

① Strengthen competitiveness that aims for sales expansion	② Develop new products and open avenues to new businesses	③ Promote CSR activities
<p>Toward steady achievements in sales expansion goals</p> <ul style="list-style-type: none"> <li>Strengthen and accelerate design development capabilities</li> <li>Strengthen global sales capabilities</li> <li>Promote further unit cost reduction</li> </ul>	<p>Build innovative products chosen by customers</p> <ul style="list-style-type: none"> <li>Promote development and commercialization of more competitive products</li> <li>Develop new products to support the next generation</li> <li>Deepen production technologies even further</li> </ul>	<p>Become a company continually trusted</p> <ul style="list-style-type: none"> <li>Conduct highly transparent management that emphasizes compliance</li> <li>Promote work-style innovation</li> <li>Willfully educate and attain human resources and promote diversity</li> </ul>

We also have the objective to become an attractive corporate group able to contribute to the growth of a sustainable society while positioning ourselves to build an infrastructure of further growth on a new stage as NHK Spring celebrates its 80th anniversary (2019) during this medium-term management plan. We are also working to promote and strengthen CSR activities, increase profitability, develop new products and technologies and strengthen management capabilities at each production site as a way to overcome the obstacles to achieving these medium to long-term management goals. Especially in terms of promoting and strengthening CSR activities, we have revised the Employees Code of Conduct that defines the regulations and corporate ethics all of our executives and employees must follow to fully implement highly-transparent management emphasizing compliance.

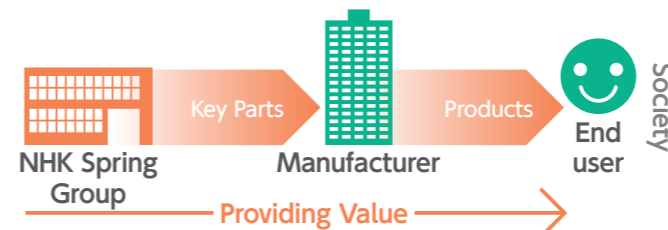
We hope this report will act as one facet to bring understanding about our thoughts and activities toward the social responsibilities we should fulfill as a corporate group. We ask for your continued support for our activities.

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\*The history of environmental activities and plant site data are included with the environmental data on our homepage.

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.



Value to Society Provided by NHK Spring Group p06



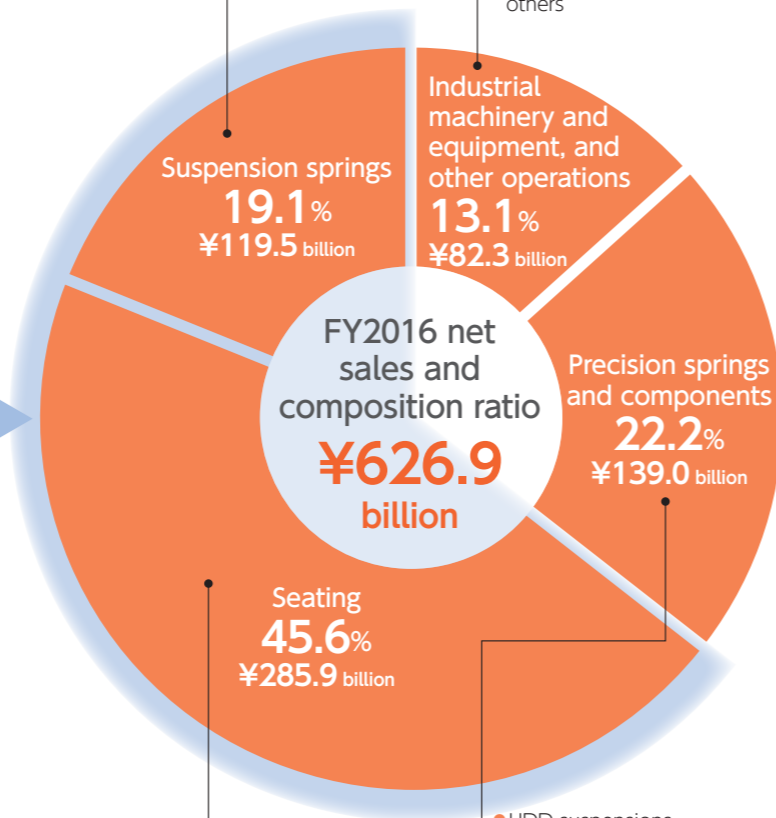
### Automobiles

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



- Coil springs, stabilizer bars, leaf springs, and other suspension springs
- Seats, mechanical components for seats, and interior products
- Wire springs, thin leaf springs, precision machined components
- Polyurethane foam products

- Coil springs
- Stabilizer bars
- Leaf springs
- Torsion bars
- Stabilizer links
- Stabilinker and others
- Brazed products
- Ceramic products
- Spring mechanisms
- Pipe support systems
- Parking systems
- Polyurethane foam products
- Metal base printed wiring boards
- Security products
- Lighting equipment
- Golf club shafts and others



- HDD suspensions
- HDD mechanical components
- Wire springs
- Thin leaf springs
- Probe units for inspection of liquid crystal panels and semiconductors
- Fastener (screw)
- Precision machined components and others
- Automotive seats
- Mechanical seating components
- Interior products 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
- Ceramic products
- Brazed products
- Metal base printed wiring boards
- Polyurethane foam products



### Industry and lifestyle

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



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

## Corporate overview

Corporate overview (as of March 31, 2017)

Trade name: NHK SPRING CO., LTD.  
 Founding: September 1939  
 Capital: ¥17,009.57 million  
 Employees: 4,887 (Non-consolidated), 20,560 (Consolidated)  
\*The number of employees including the average number of temporary employees  
 Sales: ¥626.9 billion (Fiscal 2016 consolidated)  
 Head office: 3-10 Fukuura, Kanazawa-ku, Yokohama, 236-0004, Japan  
 Divisions: Suspension Spring Division, Seating Division, Precision Spring & Components Division, DDS (Disk Drive Suspension) Division, Industrial Machinery & Equipment Division  
 Plants: Yokohama Plant (suspension spring/seating), Shiga Plant, Gunma Plant, Toyota Plant, Atsugi Plant, Ina Plant, Komagane Plant (DDS/industrial machinery & equipment), Isehara Plant, Yasu Plant  
 Branches: Yokohama Minatomirai  
 Sales offices: Kita-Kanto, Hamamatsu, Nagoya, Osaka, Hiroshima, Fukuoka  
 Stock market listing: First Section, Tokyo Stock Exchange (Code 5991)  
 Group companies: 23 Domestic, 36 Overseas

Shares (as of March 31, 2017)

Total authorized shares 600,000,000  
 Total issued shares 244,066,144  
 Total number of shareholders 10,715

Movements in share price	High	Low
Apr.-Jun. 2016	1,070	776
Jul.-Sep. 2016	1,012	770
Oct.-Dec. 2016	1,147	922
Jan.-Mar. 2017	1,332	1,054

(Yen)

Members of the board of directors and auditors (As of June 28, 2017)

#### Board of Directors/Auditors

Chairman & Chief Executive Officer	Kazumi Tamamura	Board of Director (External)	Katsuko Tanaka
President & Chief Operating Officer	Takashi Kayamoto	Audit & Supervisory Board Member	Kenji Shimizu
Executive Vice President	Kaoru Hatayam	Audit & Supervisory Board Member	Tsunehiko Hirama
Executive Vice President	Hiroyuki Kado	Audit & Supervisory Board Member (External)	Susumu Komori
Executive Corporate Officer	Ryuichi Shibata	Audit & Supervisory Board Member (External)	Kazuto Tachibana
Board of Director (External)	Keiichiro Sue		

#### Corporate Officers (excluding those with additional post as Board of Director)

Executive Corporate Officer	Taro Umemura	Corporate Officer	Toshinori Saeki
Executive Corporate Officer	Toshio Kazama	Corporate Officer	Noritoshi Takamura
Executive Corporate Officer	Toru Sugiyama	Corporate Officer	Tatsuro Ono
Senior Corporate Officer	Hidekazu Hoshino	Corporate Officer	Takahiro Okawara
Senior Corporate Officer	Kiyohiko Kammei	Corporate Officer	Toshiyuki Aoyagi
Senior Corporate Officer	Hideto Enomoto	Corporate Officer	Yukihiro Seki
Senior Corporate Officer	Ko Masuda	Corporate Officer	Junichi Suzuki
Senior Corporate Officer	Kazuhiko Otake	Corporate Officer	Toshihiro Tachikawa
Senior Corporate Officer	Hironobu Sugiura	Corporate Officer	Yuji Shibuya
Senior Corporate Officer	Hidefumi Yoshimura	Corporate Officer	Yoshiyuki Shindo
Senior Corporate Officer	Jiro Oyama	Corporate Officer	Masayuki Horie
Corporate Officer	Kazuhiisa Uemura	Corporate Officer	Jun Umeno
Corporate Officer	Kenji Nagai	Corporate Officer	Morihiro Ichisugi
Corporate Officer	Tetsuya Fujiwara		

# 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.



## Automobiles

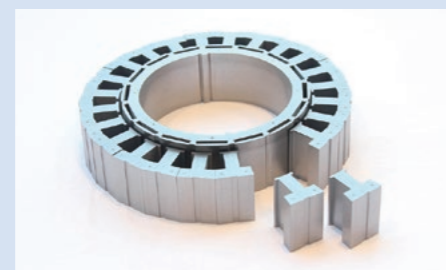
### Automotive suspension springs

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



### 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.



### Automotive seats

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



### Valve springs

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



### Arc springs

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



### Disc springs

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



## Data communications

### Semiconductor equipment parts

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



### Super Seal / Super Sheet

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



### Metal base printed wiring boards

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



### 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.



## Industry and lifestyle

### Mechanical multilevel parking systems

The palette lift rises vertically and also moves left and right, which is made possible by spring and metal processing technologies. Effectively utilizing land in this way helps resolve the social problem of ensuring sufficient parking space.



### Pipe support systems

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



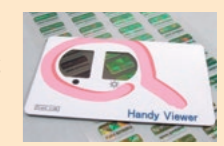
### Movable handrail balance unit

This unit is used with movable handrails to assist people with disabilities and elderly.



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

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



### Golf club shafts (Nippon Shaft)

We offer the N.S. PRO line of lightweight steel shafts. This brand is famous all over the globe for the control and distance these shafts offer golfers.



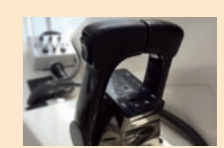
### Tension balancers

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



### Maritime related products

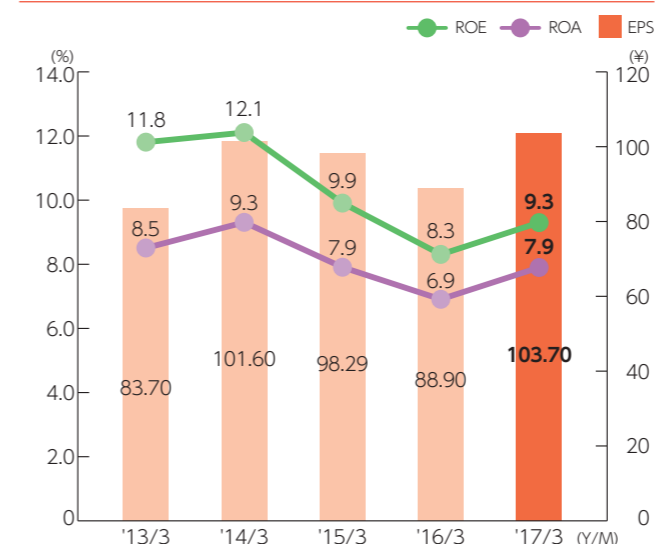
We offer products renowned for their high reliability to various fields in maritime.



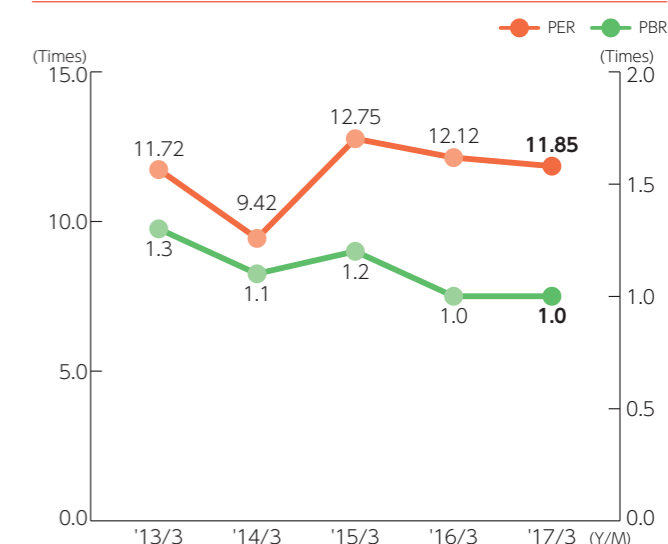
# Financial highlights 2016 (Consolidated five-year summary)

Accounting Period	Year ended in March 2013	Year ended in March 2014	Year ended in March 2015	Year ended in March 2016	Year ended in March 2017
<b>Operating Results</b>					
Net sales (Millions of Yen)	507,985	569,711	601,434	640,516	<b>626,950</b>
Operating income (Millions of Yen)	30,020	37,480	32,702	35,041	<b>40,613</b>
Operating margin (%)	5.9	6.6	5.4	5.5	<b>6.5</b>
Ordinary income (Millions of Yen)	34,907	41,436	39,075	36,111	<b>41,640</b>
Ordinary margin (%)	6.9	7.3	6.5	5.6	<b>6.6</b>
Profit attributable to owners of parent company shares (Millions of Yen)	20,333	24,677	23,873	21,592	<b>25,098</b>
ROS (%)	4.0	4.3	4.0	3.4	<b>4.0</b>
<b>Profitability</b>					
ROE (%)	11.8	12.1	9.9	8.3	<b>9.3</b>
ROA (%)	8.5	9.3	7.9	6.9	<b>7.9</b>
EPS (Yen)	83.70	101.60	98.29	88.90	<b>103.70</b>
PER (Times)	11.72	9.42	12.75	12.12	<b>11.85</b>
PBR (Times)	1.3	1.1	1.2	1.0	<b>1.0</b>
<b>Financial Condition</b>					
Total assets (Millions of Yen)	425,050	464,972	529,899	509,810	<b>541,741</b>
Owned capital (Millions of Yen)	190,000	218,269	262,654	257,243	<b>279,699</b>
Equity ratio (%)	44.7	46.9	49.6	50.5	<b>51.6</b>
Capital expenditure (Millions of Yen)	25,506	20,713	20,671	27,392	<b>25,637</b>
Depreciation (Millions of Yen)	21,393	21,042	21,448	23,582	<b>23,137</b>
Research and development expenses (Millions of Yen)	11,750	13,803	15,702	16,328	<b>16,130</b>
Sales ratio (%)	2.3	2.4	2.6	2.5	<b>2.6</b>
<b>Shareholder return</b>					
Cash dividends (Yen)	16	20	20	22	<b>23</b>
Dividend payout ratio (%)	19.1	19.7	20.3	24.7	<b>22.2</b>
<b>Cash flows</b>					
Net cash provided by operating activities (Millions of Yen)	29,222	43,798	44,858	42,674	<b>55,664</b>
Cash flows from investing activities (Millions of Yen)	(29,129)	(27,914)	(24,433)	(35,127)	<b>(27,753)</b>
Net cash used in financing activities (Millions of Yen)	(10,311)	(16,200)	(5,264)	(13,672)	<b>(16,916)</b>
Cash and cash equivalents at end of year (Millions of Yen)	57,009	61,993	83,439	72,238	<b>82,493</b>

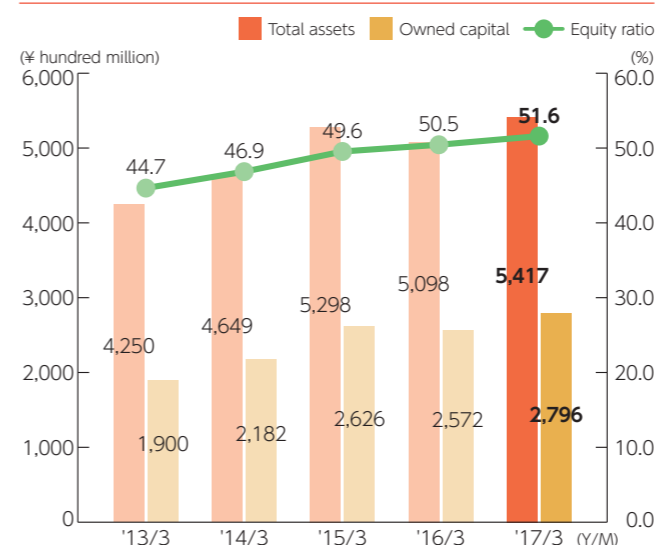
Profitability (ROE/ROA/EPS)



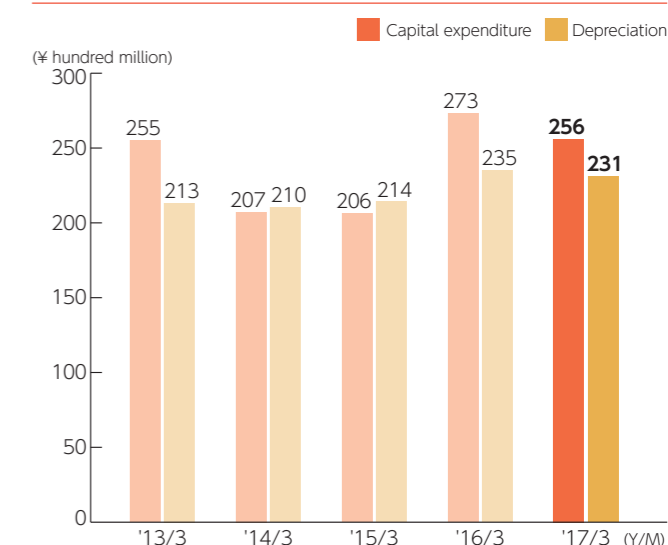
Profitability (PER/PBR)



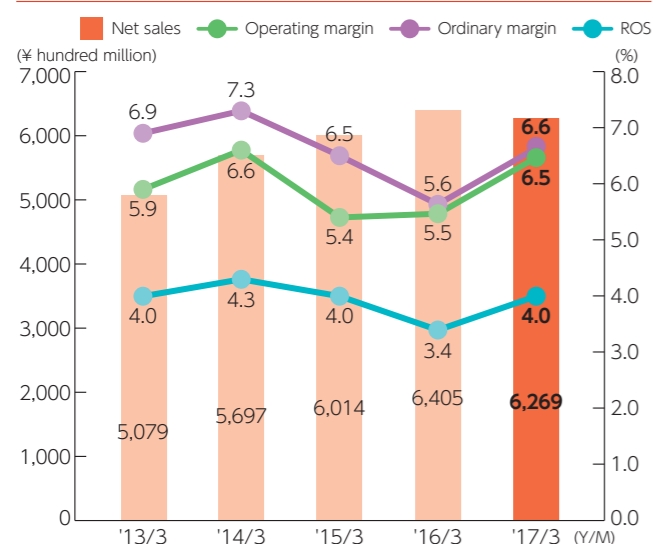
Financial Condition



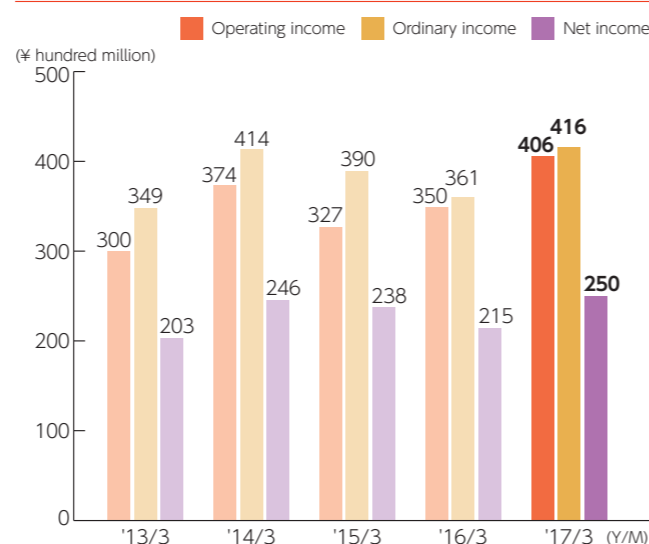
Capital expenditure/Depreciation



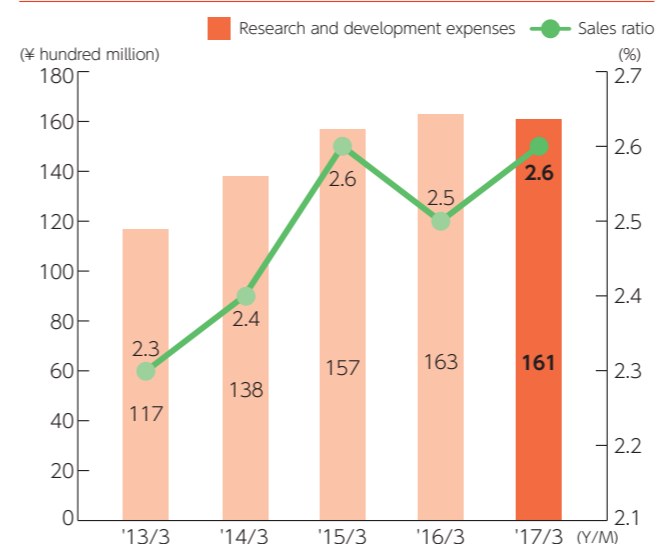
Net sales



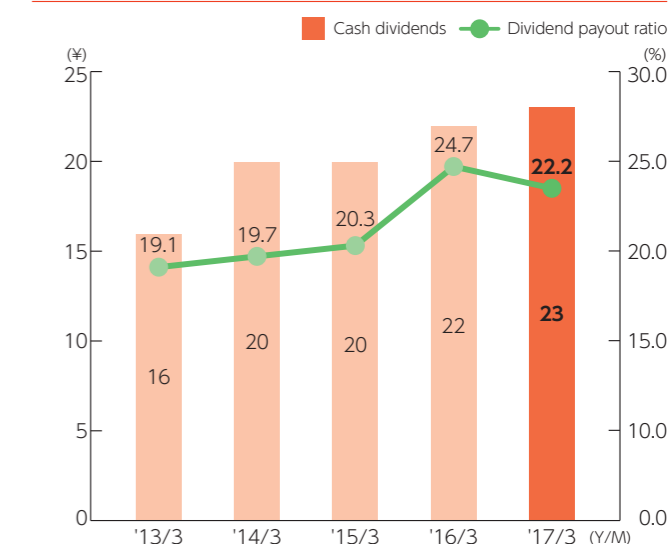
Operating income, Ordinary income, Profit attributable to owners of parent company shares



Research and development expenses



Shareholder return



# Financial highlights 2016 (Analysis of results)

## Operating results for fiscal 2016

The Japanese economy seemed to stagnate in capital investment in fiscal 2016, but it continued to recover gradually thanks to personal consumption, shifts heightening exports and improvements in the employment and income environment. Moreover, the JPY-USD exchange rate shifted to strongly favor the yen compared to the previous term due to economic changes, such as the retraction of yen depreciation against the dollar and greater uncertainty of the future following Brexit. However, the power of the yen has begun to decline as of November due to expectations for economic legislation in the United States among other things.

The global economy is recovering thanks to trends of increasing personal consumption in the United States and trends toward greater capital investment. The policy interest rate was also raised. In Asian regions, Chinese exports have seen a decline while consumption has remained strong due to the effectiveness of a decrease in compact car taxes. Thailand and India have also seen moderate business recovery.

In automotive sector, which is one primary business field of our Group, vehicles sold in Japan requiring registration that does not

include compact vehicles have increased 2.8% to 5,078 thousand units compared to the previous year due to the gradual upticks, such as the impact of injecting new vehicles to the market. Finished car exports also increased 1.2% to 4,636 thousand units compared to the previous year. The number of automotive vehicles produced in Japan increased 1.9% to 9,360 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 year earlier on the strength of increased HDD (hard disk drive) production spurred by robust production for data centers while production decreased for computers.

In the management environment above, our net sales reached ¥626,950 million (2.1% year-on-year decline) due to a decrease in the exchange rate of yen cause by the strong power of the yen in overseas businesses. In terms of our profitability, our operating income grew to ¥40,613 million (15.9% year-on-year increase), our ordinary income grew to ¥41,640 million (15.3% year-on-year increase), and our net income attributed to owners of parent company shares grew to ¥25,098 million (16.2 year-on-year increase) due to streamlining efforts and changes in the types of vehicle models for orders.

## FY2016 Financial Conditions

Total assets at the end of this fiscal year increased by ¥31,930 million compared to the previous year to ¥541,741 million due to increase in cash, bank deposits, and investment securities.

Liabilities increased by ¥8,990 million compared to the previous year to ¥248,963 million due to increase in deferred tax liabilities.

There was acquisition of treasury stock, but net assets increased by ¥22,939 million compared to the previous fiscal year to ¥292,777 million due to an increase in earned surplus thanks to net income attributed to owners of parent company shares as well as an increase in other valuation differences on available-for-sale securities.

## Cash flow

Capital earned as a result of operating activities increased by ¥55,664 million compared to the previous fiscal year to ¥12,990 million. This is primarily due to an increase in net income for the current fiscal year before adjustments such as income taxes.

Capital expenditures as a result of investment activities

declined by ¥7,374 million compared to the previous fiscal year to ¥27,753 million.

This is primarily due to an increase in expenditures from the acquisition of tangible fixed assets.

As a result of cash flow generated by our financial activities, our excess over expenditure was ¥16,916 million, which was an ¥3,244 million increase in expenditures compared to the previous fiscal year.

This is primarily due to expenditures from the acquisition of treasury stock.

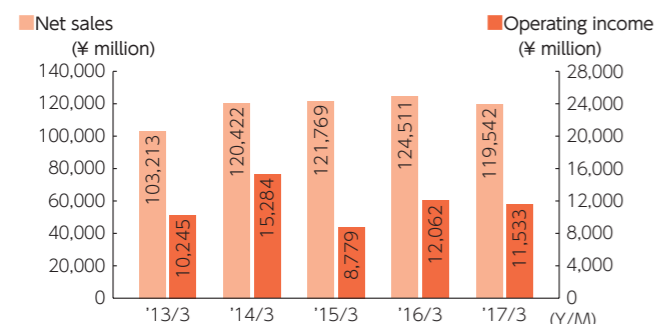
The free cash flow was ¥27,911 million less the cash flow in operating activities from the cash flow in investment activities.

As a result of the foregoing, cash and cash equivalents at end of the period increased by ¥10,255 million at the end of the previous period to ¥82,493 million. Corporate bonds, commercial paper, and long- and short-term borrowings totaled ¥53,391 million, a decrease of ¥3,940 million at the end of the previous period.

## Segment information

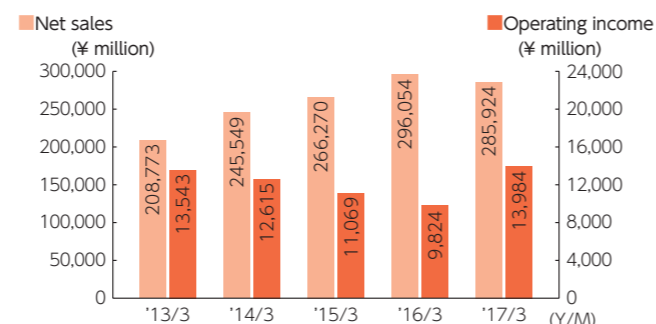
### [Suspension springs]

Suspension springs saw net sales of ¥119,542 million (4.0% year-on-year decline) and an operating income of ¥11,533 million (4.4% year-on-year decline) due to the influence of the high price of Japanese yen.



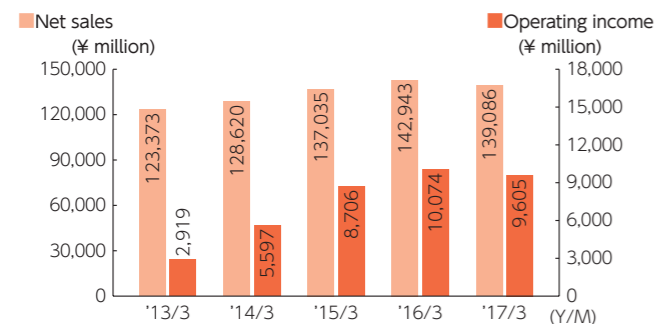
### [Seating]

Seating saw net sales of ¥285,924 million (3.4% year-on-year decline) due to high price of Japanese yen. The ordinary income was ¥13,984 million yen (42.4% year-on-year increase) due to streamlining efforts and changes in the types of vehicle models for orders.



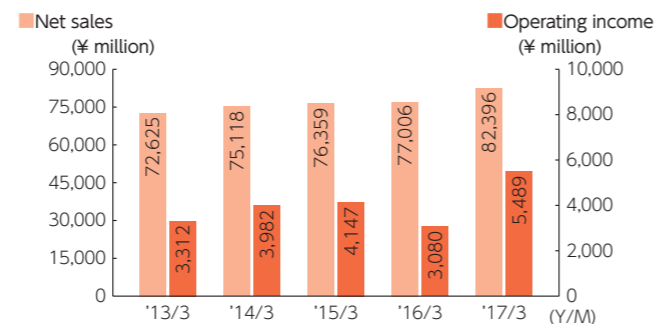
### [Precision springs and components]

Precision springs and components saw net sales of ¥139,086 million (2.7% year-on-year decline) and an operating income of ¥9,605 million (4.6% year-on-year decline) due to a decline in production in HDD (Hard Disk Drives) and the high price of yen.



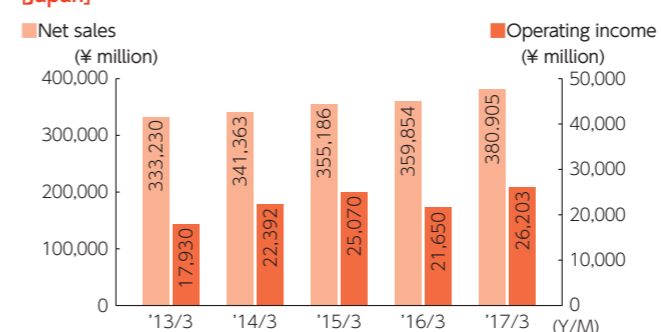
### [Industrial machinery and equipment, and other operations]

Industrial machinery and equipment, and other operations saw net sales of ¥82,396 million yen (7.0% year-on-year increase) and an operating income of ¥5,489 million (78.2% year-on-year increase).

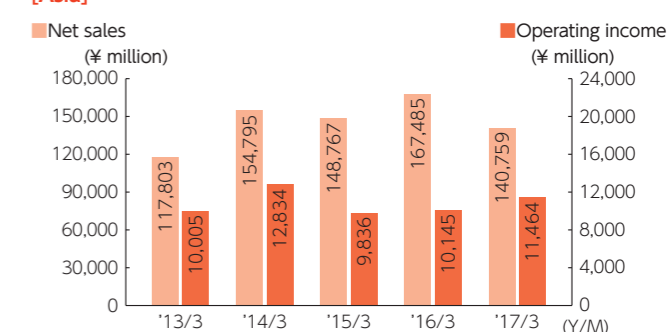


## (Reference) Segment by location

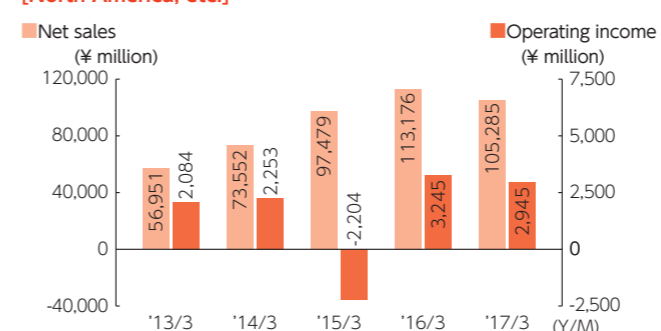
### [Japan]



### [Asia]



### [North America, etc.]



# Business activity highlights 2016

## Further Active Expansion in Japan and Overseas

Our Group is actively advancing business expansion both in Japan and overseas.

### Groundbreaking Ceremony for a New Production Building at the Isehara Plant

We held a groundbreaking ceremony for a new production building at the Isehara Plant on June 2, 2016. We took hold of the opportunity in increased production in equipment to manufacture semiconductors to organize our production area and further improve our productivity. This new production building was completed in December 2016, and we have been gradually migrating our operations there since.

### Opening Ceremony and Anniversary of NHK International

NHK International Corporation, which is the head American office, commemorated the opening of its new office and celebrated its 40th anniversary. Many of our partners and local affiliates participated in the festivities.

### Completion Ceremony of the New Urethane Plant in Gunma

We completed the new urethane building at our Gunma Plant and celebrated the completion of construction in June 2016. We installed a new line for the production of urethane together with the reconstruction of this plant. This new facility is expected to further improve quality and productivity.



Newly finished urethane building

### Opening Ceremony of NHK Spring Kyushu

NHK Spring Kyushu invited automotive manufacturers in western Japan for an opening ceremony held in August 2016. This new company is expanding business as a new suspension springs base in western Japan that incorporates fields such as overseas exports.



Tape cutting: From left: Board of Director and Plant Chief Kato, NHK Spring President & Chief Operating Officer Kazumi Tamamura (now President & Chief Operating Officer), Fukuoka Vice Governor Hattori, Kanda Town Mayor Yoshihiro and President & Chief Executive Office Enomoto.



NHK Spring Kyushu Co., Ltd. beginning operations

### Opening Ceremony of NHK Spring Hungary

NHK Spring Hungary held an opening ceremony in September 2016. The great expectations for NHK spring Hungary could be felt in the coverage of the opening ceremony on television, in local magazines, and on government websites.



Opening of a wine cask by the Vins d'Alsace

## TOPICS Employee Sense of Solidarity Supported by Top Athletes

We introduced examples of hiring at NHK Spring at the Athnavi Athlete Navigation System briefing held on April 19, 2017 by the Japan Olympic Committee (JOC) to support the employment of top athletes at the Yokohama Symposia in Yokohama City, Kanagawa prefecture. This was the first briefing to be held in Yokohama City jointly by Yokohama City, the Yokohama Chamber of Commerce & Industry and the Yokohama Sports Association with the participation of 54 companies and 63 participants.

Through Athnavi, NHK Spring hired track and field athletes Kaede Miyasaka (triple jump), Yurina Hiraka (long jump) and Kanae Tatsuta (pole vault). We explained how the hiring of athletes improved the employee sense of solidarity, both sports and our operations as well as the support and assistance programs. We will continue to plan our employment efforts in the future while supporting top athletes.



Triple jumper Kaede Miyasaka



Long jumper Yurina Hiraka



Pole vaulter Kanae Tatsuta



NHK Spring Yokohama FC Seagulls Second Division Women's football League Mizuki Oshima



Example of an Athnavi Corporate Employment Presentation

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

## TOPICS TFT Awards Us the Platinum Support Award

On August 5, 2016, NHK Spring earned a platinum support award for Table for Two (abbreviated as TFT). TFT is a social contribution activity that aims to eliminate the disproportion of food between emerging countries suffering from starvation and first-world countries concerned about health issues such as obesity. We were commemorated this year as the company that contributed most in the support of TFT thanks to the full adoption of the program at all of our plants throughout Japan. In the future, our Group will actively expand this program both in Japan and overseas.



TFT Letter of Appreciation

## TOPICS Supported More Than 30 Universities in Student Formula Japan

We exhibited the springs provided by NHK Spring built into the student formula vehicles in our corporate PR corner at the competition.

We sponsor and support the Student Formula Japan competition held by the Society of Automotive Engineers of Japan in September every year. In an event where students race in vehicles they themselves have built, we provide springs primarily for the damper based on the requirement of each university in addition to our sponsorship of the competition. We received and are responding to even more cutting-edge requests from universities in fiscal 2017. Our Group is actively supporting these promising student activities.



Vehicle made by the students using springs provided by NHK Springs



Exhibited in the corporate PR corner at the event

# Global Group Network

NHK Spring Profile

NHK Spring Profile



## Overseas Group Companies (36)

### North and Central South America

- NHK International Corporation** Other  
Main Activities : R&D of suspension springs and engineering services, sales and support of HDD components
- New Mather Metals, Inc.** Automotive suspension springs  
Main Activities : Manufacture and sales of stabilizer bars
- NHK of America Suspension Components Inc.** Automotive suspension springs Precision springs and components  
Main Activities : Manufacture and sales of coil springs, trunk lid torsion bars, disc springs for transmissions
- NHK Seating of America Inc.** Automotive seats  
Main Activities : Manufacture and sales of automotive seats, frames for seating and interior mechanical components
- NHK Spring Precision of America Inc.** Precision springs and components  
Main Activities : Manufacture and sales of automotive engine valve springs and AT springs
- Topura America Fastener, Inc.** Precision springs and components  
Main Activities : Manufacture and sales of various screws
- NHK Spring Mexico, S.A.DE C.V.** Automotive suspension springs  
Main Activities : Manufacture and sales of automotive suspension springs and drive motor cores
- Rassini-NHK Autopeças Ltda.** Automotive suspension springs  
Main Activities : Manufacture and sales of leaf springs and coil springs

### Asia

- NHK Spring (Thailand) Co., Ltd.** Automotive suspension springs Automotive seats Precision springs and components HDD-related parts  
Main Activities : Manufacture and sales of automotive suspension springs, seats, interior components, precision springs, and HDD components
- NHK Precision (Thailand) Co., Ltd.** Precision springs and components  
Main Activities : Manufacture and sales of brake discs, etc.
- Autrans (Thailand) Co., Ltd.** Other  
Main Activities : Automotive and motorcycle component logistics
- NHK Manufacturing (Malaysia) SDN. BHD.** Industry and life related  
Main Activities : Manufacture and sales of printed wiring boards
- NHK Spring Philippines, Inc.** Precision springs and components HDD-related parts  
Main Activities : Manufacturing of HDD parts, appearance inspection, and blanking of chemical products
- NHK Spring (China) Co., Ltd.** Other  
Main Activities : Investment support in China and support for integration, management, business expansion, etc. for group businesses in China.
- NHK-Uni Spring (Guangzhou) Co., Ltd.** Automotive suspension springs  
Main Activities : Manufacture and sales of coil springs and stabilizer bars

- FNK China Co., Ltd.** Automotive seats  
Main Activities : Development and sales of automotive seats and components
- NHK Seating (Hubei) Co., Ltd.** Automotive seats  
Main Activities : Manufacture and sales of automotive seats
- NHK Seating (Chongqing) Co., Ltd.** Automotive seats  
Main Activities : Design, manufacture and sales of automotive and related components and after service
- Chongqing Qingling NHK Seat Co., Ltd.** Automotive seats  
Main Activities : Manufacture and sales of automotive seats, interior components, and automotive parts
- NHK Seating (Zhengzhou) Co., Ltd.** Automotive seats  
Main Activities : Manufacture and sales of automotive seats
- Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd.** Automotive seats  
Main Activities : Manufacture and sales of automotive seats
- NHK Spring Precision (Guangzhou) Co., Ltd.** Precision springs and components HDD-related parts  
Main Activities : Manufacture and sales of valve springs, compression springs, disc springs, and HDD-related parts
- NHK Spring (Hong Kong) Co., Ltd.** HDD-related parts  
Main Activities : Sales support for HDD suspensions
- NAT Peripheral (Hong Kong) Co., Ltd.** HDD-related parts  
Main Activities : Manufacture and sales of HDD suspensions
- NAT Peripheral (Dong Guan) Co., Ltd.** HDD-related parts  
Main Activities : Manufacture and sales of HDD suspensions
- NHK Spring (Taiwan) Co., Ltd.** Precision springs and components  
Main Activities : Sales of microcontactor products
- Uni Auto Parts Manufacture Co., Ltd.** Automotive suspension springs Automotive seats  
Main Activities : Manufacture and sales of leaf springs, coil springs, automotive seats, and interior components
- NHK Spring India Ltd.** Automotive suspension springs  
Main Activities : Manufacture and sales of coil springs and stabilizer bars
- NHK Automotive Components India Private Limited** Precision springs and components  
Main Activities : Manufacture and sales of precision springs and components
- NHK F. Krishna India Automotive Seating Private Limited** Automotive seats  
Main Activities : Manufacture and sales of automotive seats
- P.T. NHK F. KBU Indonesia Automotive Seating** Automotive seats  
Main Activities : Manufacture and sales of automotive seats
- P.T. NHK KBU Seating** Automotive seats  
Main Activities : Manufacture and sales of automotive seats
- P.T. NHK Spring Indonesia** Precision springs and components  
Main Activities : Manufacture and sales of chain tensioners

### Europe

- NHK Spring Europe B.V.** Other  
Main Activities : Business management, sales, and technical service in Europe

- NHK Spring Hungary KFT.** Automotive suspension springs  
Main Activities : Manufacture and sales of coil springs and stabilizer bars
- Ibérica de Suspensiones, S.L.** Automotive suspension springs  
Main Activities : Manufacture and sales of coil springs and stabilizer bars

## Domestic Group Companies (23)

- NHK Sales Co., Ltd.** Other  
Main Activities : Sales and import/export of automotive components, automotive springs, industrial machinery and components, precision springs and hybrid function components, fasteners, materials, data devices, machined components, and industrial equipment and components
- NHK Transport Co., Ltd.** Other  
Main Activities : Motor truck transport, cargo transport and handling, warehousing, packaging, machinery installation, overseas import/export handling
- Nippatsu Service Co., Ltd.** Other  
Main Activities : Sales of petroleum, petroleum products, chemical products, automotive components and automotive products; sales of chemical products and pressurized gas; total building management, security service, construction of ancillary facilities; accident and life insurance; real estate, construction business, cleaning service
- G.I.G. Co., Ltd.** Other  
Main Activities : Operation of golf driving ranges
- NHK Spring Production Company** Automotive suspension springs Industry and life related  
Main Activities : Manufacture and sales of automobiles and automotive related items
- Sumihatsu Co., Ltd.** Automotive suspension springs Industry and life related  
Main Activities : Manufacture and sales of leaf springs, clip bands, coil springs, balancers, automotive torsion bars, turnouts and crossings, rail clips, and synthetic rail ties
- Horikiri, Inc.** Automotive suspension springs  
Main Activities : Manufacture and sales of springs of all types
- NHK Spring Kyushu Co., Ltd.** Automotive suspension springs  
Main Activities : Manufacture and sales of automotive suspension and stabilizer bars
- Tohoku Nippatsu Co., Ltd.** Automotive suspension springs Automotive seats Precision springs and components  
Main Activities : Manufacture and sales of coil springs, precision springs, wire springs, and automotive seat components
- Ites Co., Ltd.** Automotive seats  
Main Activities : Manufacture and sales of automotive seats and interior components
- Faurecia-NHK Co., Ltd.** Automotive seats  
Main Activities : Development and sales of automotive seats
- Faurecia-NHK Kyushu Co., Ltd.** Automotive seats  
Main Activities : Manufacture and sales of automotive seats
- Sindai Co., Ltd.** Automotive seats Industry and life related  
Main Activities : Design, manufacture and sales of automotive components, metal components for furniture, manufacturing machines for automotive components and jigs

- Uniflex Co., Ltd.** Precision springs and components  
Main Activities : Design, manufacture and sales of automotive components and industrial machinery
- Ayase Seimitsu Co., Ltd.** Precision springs and components  
Main Activities : Manufacture and sales of precision springs
- Tokuhatsu Co., Ltd.** Precision springs and components  
Main Activities : Manufacture and sales of spring washers, snap rings, clutch plates, thing leaf springs, etc.
- NHK Precision Co., Ltd.** Precision springs and components  
Main Activities : Manufacture and sales of screw tools, automotive components, data processing equipment components, and precision industrial components
- NHK Parking Systems Co., Ltd.** Industry and life related  
Main Activities : Planning, design, manufacture, sales, installation, leasing, maintenance, and renovation of automatic multi-level parking garage systems; manufacture, sales and design of parking garage ancillary equipment
- NHK MEC Corporation** Industry and life related  
Main Activities : Manufacture and sales of marine and industrial mechanical remote control boxes, control cables, electronic remote control systems, steering systems and foot pedals
- Nippon Shaft Co., Ltd.** Industry and life related  
Main Activities : Manufacture and sales of golf shafts, metal baseball bats, etc.
- Topura Co., Ltd.** Precision springs and components  
Main Activities : Manufacture and sales of automotive screws, bolts, and general springs
- Yokohama Kiko Co., Ltd.** Industry and life related  
Main Activities : Development, manufacture and sales of a variety of lighting systems
- Nippatsu Harmony Co., Ltd.** Other  
Main Activities : Cleaning and greening of building interiors and exteriors, sorting and collection of general waste, auxiliary manufacturing

Legend	
<span>Automotive suspension springs</span>	Leaf springs, coil springs, stabilizer, torsion bars, bellows, and accumulators
<span>Automotive seats</span>	Automotive seats and interior components
<span>Precision springs and components</span>	Valve springs, microcontactor units, lock hinges, screws, and bolts
<span>HDD-related parts</span>	Suspension and HDD mechanical components
<span>Industry and life related</span>	Brazing products, ceramic products, pipe support products, polyurethane products, metal base printed wiring boards, parking systems, security-related products, sporting goods, lighting systems, and marine products
<span>Other</span>	R&D, regional headquarters and business and management support, transport service, parts of all types, sales and import/export of equipment, various services, and golf driving ranges



# CSR Management Report

## NHK Spring Group's CSR Philosophy

We understand our 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 address as a group and engages in activities within the scope of corporate social responsibility.

### Message from the Chairman of the CSR Committee

## NHK Spring Group Future CSR



Hiroyuki Kado

Chairman of the CSR Committee, Executive Vice President

NHK Spring regards its mission to be “contributing to the development of an affluent society through an attractive corporate identity”, making its corporate philosophy and business an ideal basis of management policy.

We will have a dialog with all of the stakeholders involved with NHK Spring, including our shareholders, investors, customers, partners, employees, and local communities, by building innovative products in each of our primary business fields – automobiles and data communications, industry and lifestyle. We will meet the expectations of our stakeholders and work 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 thoroughly 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. We will also always respect human rights, and we are promoting 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.

In addition to vowing to promote and strengthen CSR activities in our fiscal 2017 management policy, we revised our Employees Code of Conduct to encourage ethical practices in the conduct of NHK Spring executives and employees and clarify the types of actions prohibited by law and by our regulations.

The location of 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 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 term perspective by building organizational systems and structures for management and introducing necessary measures.

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

General Meetings of Shareholders and the Board of Directors are the decision-making bodies. However, to allow for more rapid decision-making, we established a system of executive corporate officers in fiscal 2005. There are now nine board members (including two external directors) as of June 28, 2017. The appointment of an external director in fiscal 2015 helps ensure the effectiveness of supervision over management and the

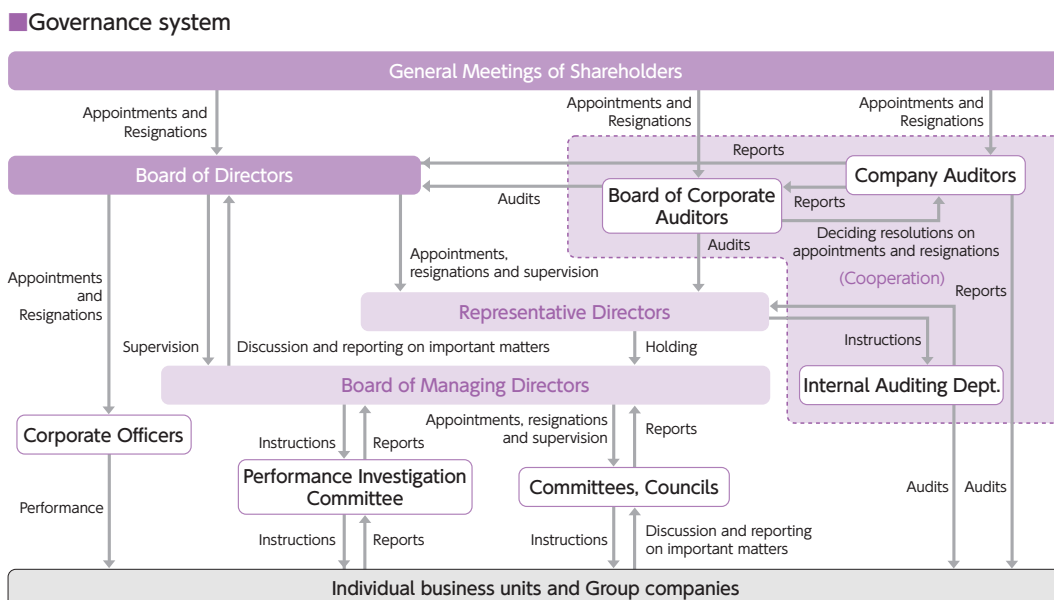
validity of our decision-making.

The Board of Managing Directors and Committees are the deliberative bodies. The Board of Managing Directors consists of the Executive Corporate Officers and Auditors and enables the exchange of ideas among a smaller group. The Board of Corporate Auditors is the audit body; as of June 28, 2017, it consists of four auditors, two of whom are external auditors.

## 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 & 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 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 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.



Antitrust Compliance Lecture

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 also adopted an internal reporting system in Group companies in China in fiscal 2016.



Toshinobu Miya  
Manager, CSR Department

### Facilitating continued 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, 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 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.

# Risk management

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

## Initiatives for Compliance

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 a risk management standards and 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.

## 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 began holding initial response drill at overseas Group companies from 2015.



Initial response drill at Group company in China



Atsushi Negishima  
Assistant Manager, CSR Department

### 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 giving insight on how to continue the business if equipment, suppliers or employees are affected. We examine measures. In addition, the plan is formulated and drill put into practice, thus raising the consciousness of all, eliminating problems in the BCP, and striving for improvement.

I am diligent in the daily drill with the local volunteer fire corps. I believe I can support the various drill that presumes a disaster within the NHK Spring Group by leveraging 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 formulating BCP and training for the various risks our overseas Group companies face.

## 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.



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



Motoo Yamagami  
Manager, Information Systems Department

### Promote establishment of information security in all groups

Information security is not only essential to ensure the trust of stakeholders including customers, but is also considered a significant basis to support 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 in addition to targeted email attack training in an effort to further strengthen and ensure information security through ongoing improvements.

In addition, this planning group assesses and minimizes IT risk including regulating IT, system surveillance, and information security, and establishes the initiatives to maintain a healthy IT environment. They also promote the building and establishment of IT governance for the entire NHK Spring Group.

# Social Report

## Customers

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) Preventing quality and delivery problems for new start and products that has changes in 4M
- 2) Cultivate a culture of quality
- 3) Increase the level of reoccurrence prevention activities
- 4) Increase the level of supplier management

#### Specific arrangements

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

##### 1. Preventing quality and delivery problems for new start and products that has changes in 4M

- 1) Implement milestone management at actual site, actual thing, and actual confirmation
- 2) Strengthen management of changes in 4M
- 3) Strengthen verification methods in each process (development through mass production)

##### 2. Cultivate a culture of quality

- 1) Put in place policies (systems) always able to raise awareness about quality
- 2) Build an environment always able to raise awareness about quality

##### 3. Increase the level of reoccurrence prevention activities

- 1) Improve the ability to pursue essential causes
- 2) Establish systems that can be expanded horizontally

##### 4. Increase the level of supplier management

System building where improvements can spiral-up at the suppliers which are vital partners

- 1) Fully inspect direct deliveries and functional products delivered by suppliers
- 2) Optimize QA gates suitable to the capabilities of 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 our plants have acquired ISO 9000 Series certifications. Our car related production plants, have acquired ISO/TS 16949 certification, for which the requirements are higher.

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.



ISO/TS 16949 certification acquired for **32** plants

### 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

VOICE



Reo Miyamoto

Renault-Nissan Purchasing Company  
Supplier Account Manager

### Expecting Absolute Competitiveness in Emerging Countries

NHK Spring works in automotive suspension springs (coil springs, stabilizer bars, and leaf springs) as well as springs for seats and engines. Products from NHK Spring are delivered and installed in automobiles at Renault-Nissan vehicle and engine plants as well as to tier 1 manufacturers (UK, Spain, North America, Mexico, Thailand, China, Japan, etc.). I am working in joint planning and projects with NHK Spring to improve products with things like higher functionality, weight reduction and stability in vehicles as the person in charge of the Asian region. I specifically participate in public tenders of new vehicle projects as well as make proposals about development content, production sites, scheduling and costs.

The strengths of NHK Spring are our globally-established supply system, fundamental research, design capabilities founded in our product development skills, quality assurance, response recognizing customer satisfaction and greater management speed in investment decision-making.

As absolute competitiveness able to surpass local manufacturers in emerging countries such as India is a challenge, expectations in the future for product design that uses local materials, production at local plants, expanded sales outside of Japanese manufacturers such as America, Mexico and Europe and the education of human resources able to respond globally are growing.

# Shareholders and investors

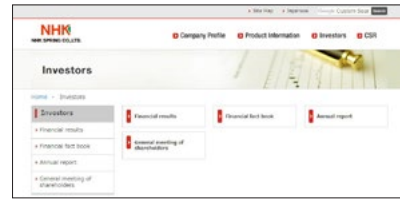
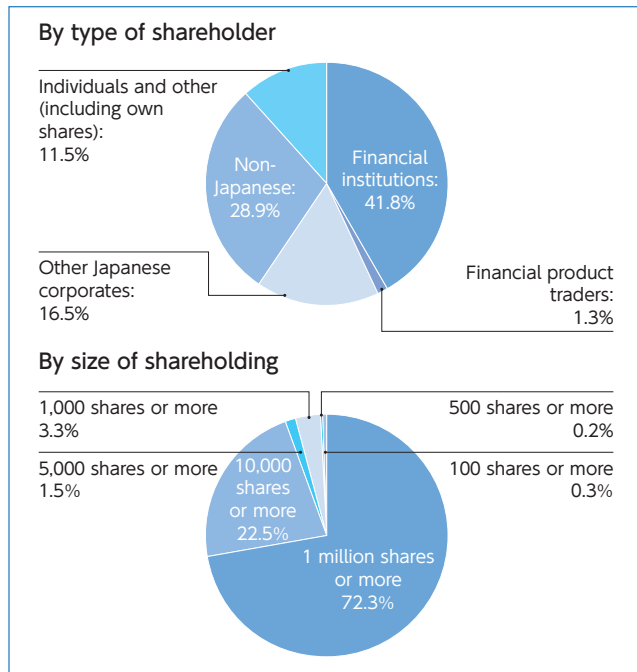
We believe that timely disclosure of the position and finances of NHK Spring is the key to support from shareholders and investors over the long term, and we strive to implement this.

## 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, 2017)



**WEB** URL of Investor Information page  
<http://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 2016, we held two briefings in May and November.

We will continue to make every effort to release information to analysts and investors.

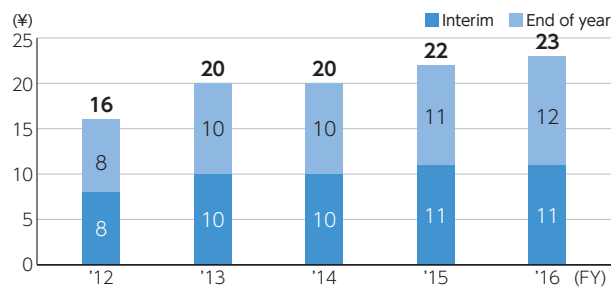


Briefing after release of accounts

## FY2016 Return of profit

Performance in fiscal 2016 is available in the Financial Highlight (P8-11). Dividends for this term was ¥23 per share (yearly) to continue long-term stable payout to all the shareholders.

### Change in amount of dividends paid



## FY2016 Return of profit

We issue Business Reports and the NHK Spring Report (in Japanese and English) to better inform shareholders and investors about us. We also issue press releases and carry the latest information about the company on our website. We will continue to work to provide fuller and faster information through our website.

## VOICE

Satoru Takada  
 Toward the Infinite World, Inc. (TIW)  
 Senior Analyst



## Improvements to ROE and Expectations in Shareholder Return

I have been working as an analyst in the automotive industry (completed vehicles, components, tires, etc.) for over 10 years, analyzing surveys of industry trends and business performance as well as communicating my analysis to investors. I am deepening my understanding about products and production through plant tours and other efforts alongside my participation in performance results briefings held twice a year by NHK Spring. I am also watching things such as the stance in the industry, the competitive environment and the medium-term challenges.

As the environment and safety of vehicles becomes even more important, the principle suspension springs business has to overcome the challenge with the right balance of miniaturization and weight savings as well as fatigue strength and durability. I believe ongoing development and production of high-quality springs with high-added value is the most important challenge to confront. Significant growth in the automotive seating business is seeing a challenge in expanding sales to mass-production vehicles. On the other hand, as business focuses on competitiveness in the ability to supply components globally, the emphasis is seen on building highly productive locations like Thailand.

Additionally, attention is on companies to turn over the accumulated cash into effective growth investments, and we can expect objectives to improve ROE another level as well as the ability to provide greater shareholder returns. In recent years, materials for the financial results briefings are evolving and becoming more complete. I have to praise NHK Spring for including detailed comparisons of year-on-year results, plans and performance by business.

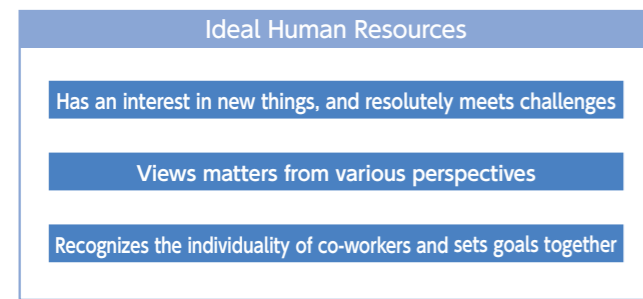
# Employees

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.



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 handicapped staff through special subsidiary companies. In our mid-career recruitment, we actively employ human resources with excellent abilities in a wide range of fields such as top athletes and support their active participation.

### Human resources development

As part of efforts toward sustainable growth, our human resource development seeks to improve the quality of both our human resources 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.

We conduct many kinds of training to improve the abilities of our workforce

### 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 the 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.



Company briefing given by our recruiters



Recruitment page on our website



PR on school lunch trays

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

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

	FY2013	FY2014	FY2015	FY2016	FY2017
Employment rate	2.06	2.03	2.14	2.10	2.28

As of the end of March 2017, these companies have established four offices, two in Kanagawa Prefecture and two in Nagano Prefecture, where 58 people with disabilities are happily working. In fiscal 2016, 37 people from local special education school and corporations participated in training. A total of 463 people from various corporations, schools, and related government officials visited and toured our facilities.

2016 Abilitympics Kanagawa, contest of skills by people with disabilities



## Employing the people with disabilities

### Workplace health and safety

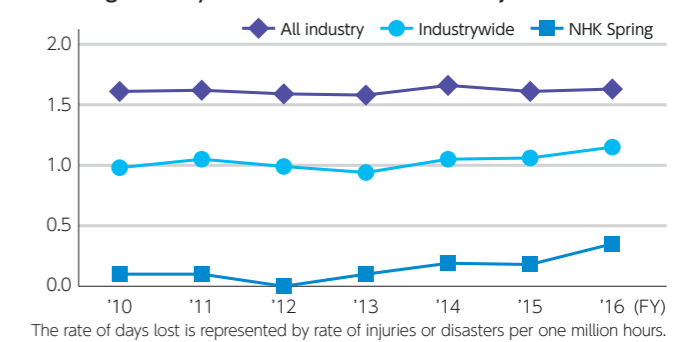
We introduced a Workplace Health and Safety Management System in fiscal 2000, and it was rolled out Group-wide in fiscal 2003. We have taken the following measures to eliminate workplace accidents to achieve zero hazards:

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

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

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

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



### Initiatives to Improve Health

NHK Spring formulated the Health Promotion Guidelines in April 2016, which established the concepts for preserving and bettering the health of employees. These guidelines regulate roles such as the company, employees and health management staff by preserving and bettering the health and longevity of life for employees for the purpose of improving sustainable corporate value with the central health and safety council as the highest authority in promoting health.

As a target to achieve in promoting health by fiscal 2018, we have set an appropriate weight to 20% or less above BMI25 and a blood pressure rate at all of our business establishments to 15% or less. We are also providing more opportunities for exercise by handing out activity scales to employees and food efforts that use the cafeteria at each business site, among other activities. In addition, we launched the Central Health Promotion Council Group-wide special committee led by the Executive Vice President in fiscal 2017 to discuss policies for Group-wide health measures and the progress in implementing those measures. We are conducting new initiatives in mental health efforts, including



Mental Health Training

### Benefits programs

We strive to provide a full range of benefits in line with the social environment, to assist our employees in enjoying a happy working life. In particular, we provide a safe and secure workplace and we pay particular attention to activities that allow communication between employees. We aim for the general welfare of our employees by assisting with physical and mental health management, after-hours activities and a stable lifestyle after retirement and so on.



Sports event held for the purpose of invigorating internal communication

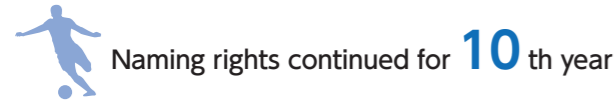
# Local communities

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 9th 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. The naming rights entitle us to free use of the Stadium, which we make good use of.



#### ● 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.



More than 100 players participated

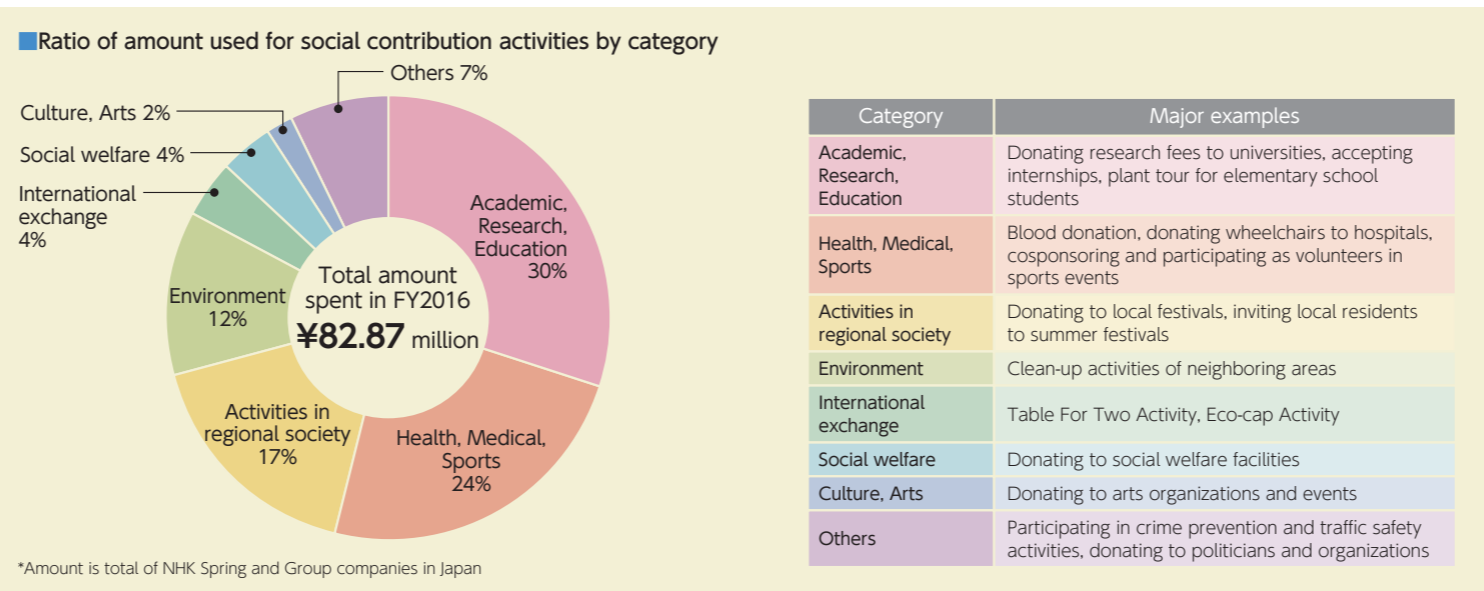
### School meals for children in the world with TFT

In February 2014, we introduced "Table For Two" (abbreviated as TFT) at the cafeteria of the Yokohama Office. TFT is a system to make donations for school meals in Africa by eating charitable meals at the cafeteria for executives and employees. In fiscal 2015, TFT was introduced to all of our nine plants in Japan. This has allowed us to donate 130,116 school meals (55,571 meals year earlier). In the future, we plan to extend this activity to all group companies, including those overseas.

TFT donations **139,998** meals



Employees choosing TFT Menu



### Internships and plant tours

We offer internships to provide work experience and plant tours.

We provide internships at our manufacturing plants as well as our design and development divisions, providing valuable work experiences in different areas every year. We will respond positively to demand for places where high school and university students are offered the invaluable experience of an actual workplace.



Providing a variety of internships

### Sponsoring and collaborating with local events

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

#### ● Supporting the Japan National City Greening Fair

In April 2017, employees and families from each of our business sites and Group companies in Kanagawa prefecture participate in cleaning activities in Mitsuzawa Park in Yokohama City. Cleaning walks have been held every spring in Mitsuzawa Park for the last three years. Participants work up a sweat picking up garbage for an hour throughout the park. In addition, the Garden Necklace YOKOHAMA 2017 national city greening fair was held in 2017. NHK Spring is a sponsor of this event alongside with our participation in the cleaning walk. We also support flower decorations and towels handed out at the entrance as well as the offering of potted plants.



Participation at the Japan national city greening fair

### Holding a Two-Wheel Traffic Safety Event

At our Yokohama office in Kanazawa, Yokohama, we held a two-wheel traffic safety event with the cooperation of the local Kanazawa police department. 120 people, including employees and their families, participated in the event. In addition to driving training conducted for both bicycles and motorcycles, we held two-wheel traffic safety courses with emphasis on examples of real traffic accidents. We will continue to make these types of contributions in the future through the cooperation with local police departments in the hopes of a society free of traffic accidents.



We also invited the White Angles female police motorcycle squad from the Kanagawa police department to provide demonstrations such as exemplary driving

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.



Beach cleaning activities in coastal parks neighboring the Yokohama Office



Gymnasium provided for the Yokohama Athletic Federation table tennis practice



Exhibited at Kids Engineer 2016 event to raise the children's interest in science



Providing parts to more than 30 universities in Student Formula Japan

**Makoya Kageyama**  
Yokohama City University  
Graduate School of Urban Social and Cultural Studies, Professor

### New Perspectives for Employee Development

I have been sharing my opinion on topics such as the CSR report, in-house surveys and organizational policies upon requests from the CSR Department at NHK Spring for the last several years. NHK Spring Chairman & Chief Executive Officer Kazumi Tamamura also acts as a trustee at Yokohama City University where I work as a professor. I am also invited to the Summer Festival held at the Yokohama Office every year where I spend a wonderful time learning about human resource management methods at NHK Spring up close.

In addition to labor-management events held predominately at summer festivals to strength horizontal bonds, initiatives to employ and support athletes are effective in heightening the appeal of the company for employees while acting as a symbol of unification.

CSR is a management strategy and it could even be said that it is in fact management. Companies have to transition CSR such as social contribution into management strategies. Goals and targets need to be set and evaluated to connect them into improvements. Furthermore, employees are on the front lines of CSR practices. It is important to nurture employees as CSR practitioners while elevating employee motivation, but the effectiveness of a conventional type of employee development is low. I believe we need new perspectives for employee development.

## NHK Spring Athlete Initiatives

### Holding YNUS & NHK Spring Long and Triple Jump Track & Field Clinic

In January 22, 2017, we held a track and field clinic for the long jump and triple jump together with the Yokohama National University Sports Academy (YNUS). This clinic was held as one part of our social contribution activities to develop future elite athletes while expanding access to further the horizon of track and field athletes. On the day of the clinic, Kaede Miyasaka (General Affairs) and Yurina Hiraka (Human Resources) participated as athlete employees to provide guidance to the 73 junior high and high school students as well as visiting track and field coaches who participated from Kanagawa. The students who participated in the clinic absorbed the guidance from these currently active top athletes, such as running form to improve their ability to jump, as they gave every effort in the practice.

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



Participants from Kanagawa

### Junior soccer school held by NHK Spring

We held the NHK Spring and Asahi Shimbun Junior Soccer School on July 30, 2017. We once again invited Tsuyoshi Kitazawa and his staff as coaches in addition to the six members of the NHK Spring Yokohama FC Seagulls (hereinafter Seagulls), including Mizuki Oshima who is an employee of NHK Spring to support Tsuyoshi Kitazawa. Under the burning sun at the peak of summer, the children passionately followed the guidance. At the end of the school day, Tsuyoshi Kitazawa taught all of the children through mini-games. Tsuyoshi Kitazawa and the Seagulls players took commemorative photos with the families in a day which all 150 children will surely remember for a long time to come. Furthermore, this article was included with an advertisement in the August 6 edition of the Asahi Shimbun newspaper distributed to households in the same area of Yokohama City.



Children learning soccer skills from the NHK Spring Yokohama FC Seagulls

## Group company involvement

### Donation of Two Wheelchairs to Yokohama City University Hospital [NHK Spring Mutsumi-kai]

NHK Spring Mutsumi-kai consisting from domestic Group companies donated wheelchairs to Yokohama City University Hospital located next to the Yokohama Office as part of its social contribution activity. This donation is done every year using the sales profit of used books provided by the employees and has reached its 19th year this year.



Chairman Kojimabe (Left) and the Director of the Aihara Hospital in front of the donated wheelchair

### Accepting Junior High School Student Work Experience Class [G.L.G.]

G.L.G., a company that operates golf practice facility in Kawasaki City, accepted local Kawasaki City Hiyoshi Junior High School work experience class. Student took turns experiencing customer reception at the front and cleaning and maintenance of the range. 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.



Junior high school student getting instructions about their task



The children overjoyed



# Suppliers

We have established basic policies on procurement, and we encourage green procurement according to our own guidelines.

## 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 trend expects 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.



NHK Spring Group Partners Meeting held to strengthen relationships with each partner company

VOICE



Koichi Sugita  
Sugita Wire, Ltd.  
President and Representative Director

## Growing Global with Business Expansion Suited to the Generation

Sugita Wire has had a long relationship as a partner of NHK Spring (founded 1939) since the days when it was Shibaura Spring Seisakujo. The President at that time saw the Kobe Steel 13 millimeter rods at our plant and proposed the wire be cut right after the spring steel is stretched to gain a better yield. This was the start of the procurement of spring steel from Sugita Wire. In the 1970s, we were delivering hard steal wire for seating springs following the growth of the automotive industry as well as oil temper wire following the mass production of the world's best automotive suspension springs for compact vehicles. Recently, we have the horizontal wire of spiral springs for automotive reclining seats as well as steel wire of precision springs for automatic transmissions.

NHK Spring is an ideal company as a procurement manufacturer with management never wavering from the goal of business creation able to contribute to society through those businesses. Their businesses are expanding globally in a way that is suited for the generation. The automotive industry, which is a partner of NHK Spring, is drastically changing on a global scale unlike every before, but I think NHK Spring will be able to readily adapt to these changes so that we will expand our businesses together.

# Environmental Report

## Environmental Voluntary Action Plan

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

### Global Environmental Activities Guidelines

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

#### Global Environmental Activities Guidelines

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

### Global Environmental Activities Plan

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

#### Main concerns

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

#### Global Environmental Activities Plan

- 1. Framework to encourage activities**
  - 1) Operating the Global Environmental Measures Committee and encouraging protection of the environment across the entire Group
  - 2) Set up CO<sub>2</sub> Reduction Promotion and Waste Reduction Promotion Committees to respond to social needs
- 2. Involvement in specific issues**
  - 1) Saving energy and reducing CO<sub>2</sub>
  - 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

Based on our Environmental Activity Policies set up each year, we tackle global environmental problems from the Group and global viewpoints.

We research new measures toward active energy savings as we expand globally to achieve our independent target to reduce unit consumption of CO<sub>2</sub> emissions by 1% or more in fiscal 2017.

In waste management, we promote restrictions in emissions while continuing zero emissions activities in Japan. We are also aiming to improve our recycling rate even more at our overseas bases.

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

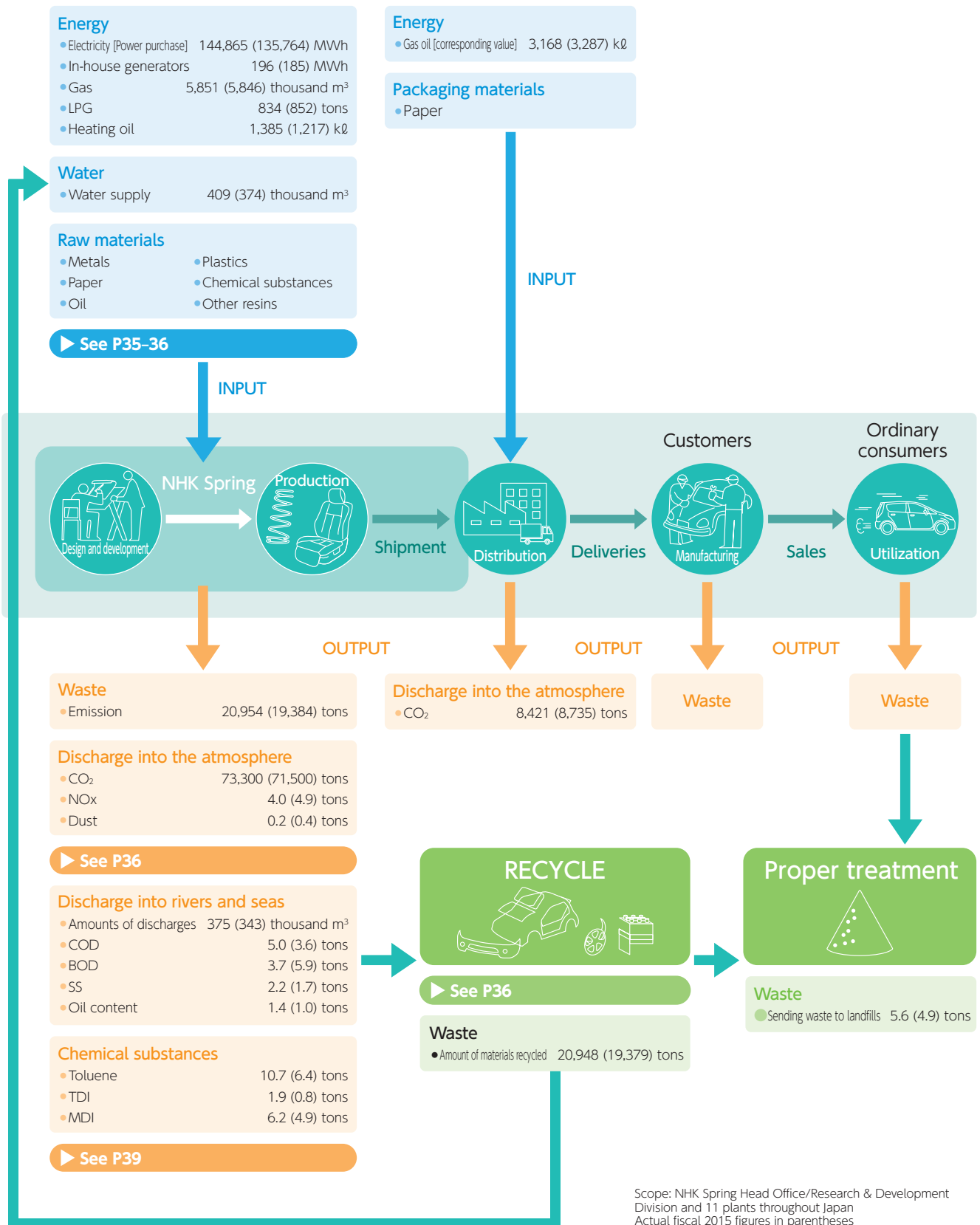
#### Environmental Activity Policies 2017

- 1. Encourage global environmental management**
  - 1) Continuing CO<sub>2</sub> reduction activities and researching 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
  - 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

# Business activities and the product lifecycle

We are working to reduce the burden on the environment by understanding the overall business in terms of product lifecycles and quantifying inputs and outputs wherever possible. We also aim to bring about a recycling society by recycling waste.



# Systems to encourage environmental conservation

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

## Organization

The Global Environmental Measures Committee deliberates on all details of environmental activities conducted within the NHK Spring Group and then uses the results to draw up and implement the Global Environmental Activities Plan. There are two lower-level committees set up under the Committee, the CO<sub>2</sub> Reduction Committee and the Waste Reduction Committee, which work to implement CO<sub>2</sub> reduction and waste product reduction activities.


Chemicals, such as environmentally hazardous substances and compliance with environmental laws, are managed in conjunction with the management departments at each plant.

The Affiliates Environmental Liaison Committee was also created under the Global Environmental Measures Committee as a lower-level committee that works as part of global environmental conservation activities by the NHK Spring Group. It more actively encourages action to protect the environment by our Group including our overseas Group companies.

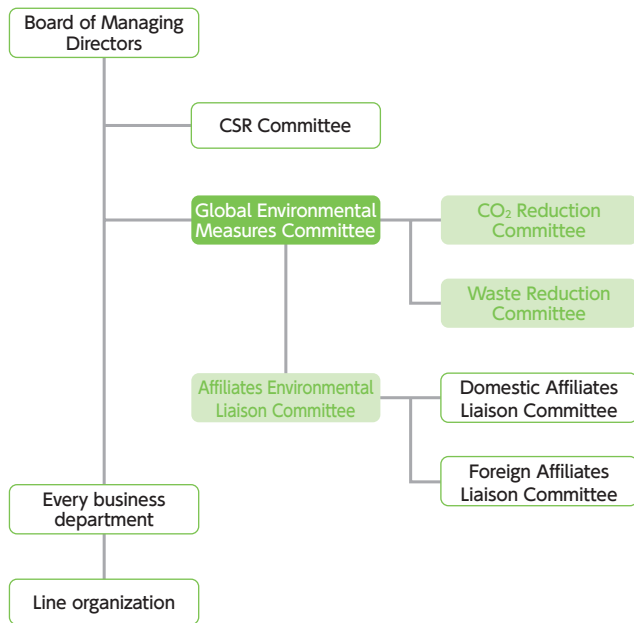
## Zero Emission Activities

In addition, we launched a Zero Waste Project in November 2000, targeting zero emissions as part of our involvement in building a recycling society. This project achieved zero emissions at the Yokohama Office in 2003 before the activity spread to reach zero emissions at all of our plants in 2004. We are also stepping up these activities to include a 100% recycling rate at NHK Spring in 2010.

The Group companies in Japan carried out initiatives aimed at zero emissions from 2005, and achieved the target in 2009. As well as maintaining the domestic zero emissions in Japan, we are making efforts to reduce the amount of waste. We have also been conducting efforts to improve our recycling rate since 2009 and are continuing to at overseas Group companies.

 2010 recycling rate Achieved **100%**

## System for encouraging environmental protection



**VOICE**



**Takashi Yonezawa**  
Manager, Safety & Environmental Activities  
Department, Engineering Division

## Promoting Updates to the ISO14001 and Environmental Risk Reductions

We have continued to acquire the ISO14001 certification at each plant since its inception in 1996. Today, we have acquired the 2004 version of this certification at all of our plants and manufacturing companies in Japan as well as at our main overseas companies. Moreover, in September 2015, we conducted a large-scale update to the ISO14001, and we are currently underway renewing our certification to the 2015 version at each plant.

Through these renewals, we have strengthened efforts such as the involvement of management, CSR support and various risk management and added the new requirements of the ISO14001. Especially in risk management, we have not only reduced environmental risks but also identified a variety of risks at each business establishment to pursue countermeasures against those risks.

NHK Spring and its affiliated companies have always identified and reduced the environmental risks related to equipment, but we will broaden our view and appropriately respond to risks in the future.

# ISO 14001

As an organization, we are involved in protecting the environment, and we have gained ISO 14001 international certification for our environmental management systems.

## NHK Spring certification status

We began preparing to gain certification in 1996, and our Yokohama Plant (Suspension Spring Division) was the first in the industry to reach certification in January 1997. This was the beginning; we then gained certification for three plants a year, with the last of our 11 Japanese plants being certified in April 2001. Currently, we have finished updating the Toyota Plant and Yokohama Plant for Seating to the ISO14001 (2015). We are systematically progressing with the update of our other plants.



ISO 14001 certification **11** Plants (Japan)

### Dates NHK Spring acquired ISO 14001 certification

Divisions	Plants	Dates acquired
Suspension Spring Division	Yokohama Plant (Suspension Springs)	January 1997
	Shiga Plant	March 1998
Seating Division	Gunma Plant	March 1998
	Yokohama Plant (Seating)	May 1999
	Toyota Plant	March 1999
Precision Spring & Components Division	Ina Plant	June 1999
	Atsugi Plant	November 2000
DDS (Disk Drive Suspension) Division	Komagane Plant (DDS)	June 2000
Industrial Machinery & Equipment Division	Isehara Plant	April 2001
	Komagane Plant (Industrial Machinery & Equipment)	November 1998
	Yasu Plant	August 2000

## Certification status of Group companies

### Domestic Group companies

All 16 of our Group companies that are members of the joint Safety and Environment Subcommittee of the Engineering Department of the HNK Spring Mutsumi-kai have acquired the ISO14001. Currently, we are systematically progressing with the update of each company to the ISO14001 (2015).

### Overseas Group companies

The NHK Spring Group also encourages its overseas Group companies to acquire ISO 14001 certification. As of 2017, 16 overseas Group companies had done so, and others are working towards it.



ISO 14001 certified Group Companies

**16** companies (Japan), **16** companies (Overseas)

### Dates Group companies acquired ISO 14001 certification

Region	Group companies	Dates acquired
Domestic	NHK Sales Co., Ltd.	October 2002
	NHK Spring Production Company	August 2001
	Sumihatsu Co., Ltd.	October 2003
	Horikiri, Inc.	May 2001
	Tohoku Nippatsu Co., Ltd.	September 2004
	Ites Co., Ltd.	April 2007
	Faurecia-NHK Kyushu Co., Ltd.	March 2005
	Sindai Co., Ltd.	May 2007
	Uniflex Co., Ltd.	October 2003
	Ayase Seimitsu Co., Ltd.	March 2006
	Tokuhatsu Co., Ltd.	April 2002
	NHK Precision Co., Ltd.	February 2006
	NHK MEC Corporation	March 2002
	Nippon Shaft Co., Ltd.	November 2003
Topura Co., Ltd.	November 2001	
Yokohama Kiko Co., Ltd.	August 2001	
North, Central and South America	New Mather Metals, Inc.	July 2003
	NHK of America Suspension Components Inc.	January 2003
	NHK Seating of America Inc.	September 2004
Asia	Rassini-NHK Autopeças Ltda.	May 2002
	NHK Spring (Thailand) Co., Ltd.	June 2000
	NHK Precision (Thailand) Co., Ltd.	January 2005
	Autrans (Thailand) Co., Ltd.	May 2004
	NHK Manufacturing (Malaysia) SDN. BHD.	August 2001
	NHK-Uni Spring (Guangzhou) Co., Ltd.	March 2005
	NHK Spring Precision (Guangzhou) Co., Ltd.	December 2005
	NAT Peripheral (Dong Guan) Co., Ltd.	October 2005
	Uni Auto Parts Manufacture Co., Ltd.	March 2006
	NHK Spring India Ltd.	October 2003
	NSP	October 2014
	NACI	January 2010
Europe	Ibérica de Suspensiones, S.L.	December 2003

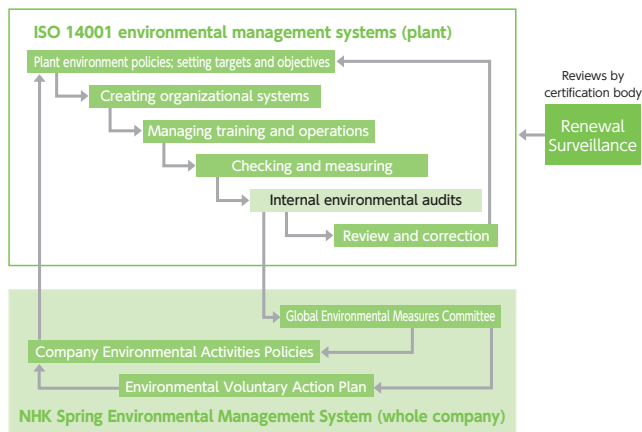
# Environmental auditing

We practice proper management according to environmental manuals, and we conduct environmental audits to achieve effective environmental performance.

## 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 management and environmental auditing



### External audits

External audits are conducted by external certification bodies to check that our environmental management systems meet and are being operated according to the requirements of ISO 14001. Surveillance audits are in principle conducted annually, with renewal audits once every three years.

All 11 plants received external audits in fiscal 2015; six plants had surveillance audits, and five plants had a renewal audit. The results of these audits found that each of the plants and the environmental management systems were being run correctly, that pollution was being prevented, and that we were making continuing efforts to improve. Each plant and Group company will receive renewal audits for the revised version of the ISO 14001 by September 2018 and we plan to systematically acquire the certification.



Fiscal 2016 external audits

**8** plants (surveillance audits), **3** plants (renewal audits)

### Environmental auditing

The members of our environmental audit team conducting audits have completed special training. As well as conducting internal environmental audits at each plant in fiscal 2016, for the one plant and three Group companies in Japan, environmental audits were performed by NHK Spring headquarters. This ensured that our systems were functioning properly and we were improving our performance.

The results of audits are reported to plant managers and presidents of Group companies for prompt remedial or corrective action. The results of audits are also reported to the Global Environmental Measures Committee. Where necessary they are incorporated into the Environmental Activities Policies and Environmental Voluntary Action Plan.



Domestic environmental audits

VOICE

Mitsuaki Takakura

Industrial Machinery & Equipment Div.  
Manufacturing Section,  
Electronic Components Department



### Working with Every Employee to Conserve the Environment

The Komagane Plant for industrial machinery is located in Komagane, Nagano with a view of both the Central Alps and South Alps. We are working to further the building of an environmentally-friendly plant in the mist of the blue sky, clear water and lush nature. Our plant is made up of the Chemical Products Department (specialized polyurethane foam products) and Electronic Components Department (metal base printed wiring boards). All of our employees work together to promote environmental conservation activities.

We have continually held environmental picnics for the water of Tenryu River as a community contribution effort every year since 1998. In May 20, 2017, 142 employees (including their families) participated to pick up trash. Our energy-saving activities were unable to achieve our unit targets due to an increase in CO<sub>2</sub> emissions related to the start of full operations at our new plant in fiscal 2016, but we are forecasting a reduction in CO<sub>2</sub> emissions in fiscal 2017 thanks to revisions in operational management that includes the ventilation systems and boilers.

In addition, we are transitioning to the 2015 version of the ISO14001 this fiscal year and expect to start operation under those new standards in January 2018.

# Environmental education and consciousness-raising

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 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 provided.

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

### ■ Contents of environmental education

Education at different levels		
Recipients	Content of training	
Training for new employees	Global environmental issues, environmental management systems, and requirements for environmental laws and regulations and efforts made by NHK Spring	
Training for new assistant managers		
Training for new senior staff		
Training for new executives		
Specialist education		
Recipients	Content of training	
Internal environmental auditors (Responding to ISO revision)	Training and education	Internal environmental auditor training and refresher courses
	Skills upgrading training	Environmental auditor workshops for lead auditors
Overseas secondees (expatriates)	Environmental management system, overseas environmental laws, NHK Group environmental requirements	

### ■ Number of staff with environmental qualifications (as of June 2017) (Units: Persons)

Qualification	Classification	Numbers holding qualifications	
Pollution prevention management	Air	Type 1	8
		Other	29
	Water quality	Type 1	7
		Other	27
	Noise		40
	Vibration		36
Dioxins		1	
Environmental management system auditors	Assistant auditor	1	
Working environment measurement experts	Type 1	Dust	4
		Special chemicals	3
		Metals	1
		Organic solvents	3
	Type 2	4	
Certified environmental measurers	Level-related	2	
Specially controlled industrial waste managers		45	
Qualified persons for energy management		34	
Energy managers for Type 2 Designated Energy Management Factories		9	

### Environment-related qualified persons



**254** people

(including multiple qualifiers)

## Consciousness-raising activities

Every year from 1992 to 2012, we held an annual "Global Environment Forum" in June, which is Environment Month. This involved raising the awareness of the employees of NHK Spring and our Group through environment exhibitions, seminars, and examples of outstanding environmental work. From fiscal 2013, we have held the "NHK Spring Group Forum," jointly held with the NHK Spring Group technology exchange platform "Technical Forum."

We also give awards for the best CO<sub>2</sub> reduction and environmental slogan during the fiscal year to promote proactive environmental conservation activities among employees.

We also carry news of our involvement with the environment, through company newsletters, the intranet and company notice boards, to develop activities horizontally across the NHK Spring Group.



Internal environmental auditor training and refresher courses (environmental education)



NHK Spring Group Platform (environmental courses)

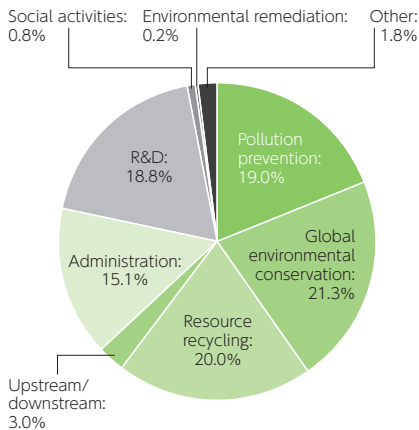
# Environmental accounting

We identify the costs and effects of our environmental conservation activities in environmental accounting, and we use this in running the company.

## Fiscal 2016 environmental accounts - classifications and results

We introduced environmental accounting in fiscal 2000. Our accounts show collections of data under the following nine headings, based on the Ministry of the Environment's Environmental Accounting Guidelines (2005 edition).

Using the fixed standard we have set, we calculate our fiscal 2015 expenditure on supporting the environment at a total of ¥808.4 million. The breakdown is shown in the table to the right, but due to the review of various environmental conservation activities, the R&D and environmental conservation costs decreased.



### Fiscal 2016 - Cost of environmental conservation

(Units: ¥ million/year)

Classification of costs	Main elements	Value* in FY2015	Value* in FY2016
1) Pollution prevention	Maintenance of effluent treatment facilities and dust collectors, measurement and monitoring of air and water quality and noise, and other preventive measures	126.1	148.1
2) Global environmental conservation	Preservation of green areas around plants, energy-saving measures, warming prevention, etc.	108.4	165.6
3) Resource recycling	Waste treatment, zero emissions measures, office recycling, etc.	158.0	156.0
4) Upstream/downstream	Limiting environmental burdens from our suppliers and customers associated with our own production activities (green purchasing, product recycling, reduced packaging, and so on)	24.4	23.2
5) Administration	Waste manifest management, ISO 14001 maintenance and renewal inspections and ISO 14001 office personnel costs, reporting to the government, etc.	107.6	117.9
6) R&D	Research to reduce environmental loads and development of products to contribute to reducing environmental loads	267.9	146.2
7) Social activities	Social service activities (cleaning waterways and surroundings of plants), etc.	4.0	6.5
8) Environmental remediation	Remediating environmental damage to surroundings	0.5	0.6
9) Other	Costs for environmental conservation other than the above (including handling of PCB waste treatment)	11.5	14.4
<b>Total</b>		<b>808.4</b>	<b>778.4</b>

\* Value: Totals of Environmental Investments and Environmental Conservation



### Fiscal 2016 - Cost of environmental conservation

**778.4** million yen

## Classification and performance of fiscal 2016 investments

The following table shows our performance in fiscal 2015. We have been maintaining low volume of waste landfill since fiscal 2010 as a result of promoting recovering resources. The unit consumption of energy use, CO<sub>2</sub> and energy costs decreased, but

unit consumption related to waste processing costs increased due to the rise in unit costs. We will continue to make improvements for cost-effective investments in the future.

### Performance of fiscal 2016 investment effects

	Material effects*1			Economic effects*2			Assessment
	FY2015 performance	FY2016 performance	Effects	FY2015 performance	FY2016 performance	Effects	
Energy use per unit output (GJ/¥ million)*3	10.44	10.30	△ 0.14	—	—	—	○
CO <sub>2</sub> per unit output (ton C/¥ million)*3	0.116	0.115	△ 0.001	—	—	—	○
Wastes to landfill (tons/year)	4.9	5.6	0.7	—	—	—	○
Wastes recycled (tons/year)	19,379	20,948	1,569	—	—	—	○
Energy costs per unit output (¥/¥ thousand)*3	—	—	—	17.4	13.4	△ 4.0	○
Waste treatment costs per unit output (¥/¥ thousand)*3	—	—	—	0.57	0.6	0.03	×*4

\*1 Material effects: Reduction in environmental pollutants, etc. \*2 Economic effects: Energy savings and cost reduction on waste, etc.

\*3 Unit output: Values to Sales \*4 Rise in unit cost of waste processing and unit cost of transport



# 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.

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



DDS Komagane Plant  
(20 kW)  
Commissioned 2008

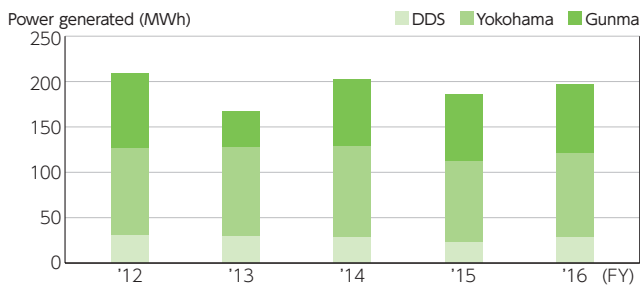


Yokohama Office  
(100 kW)  
Commissioned 2009

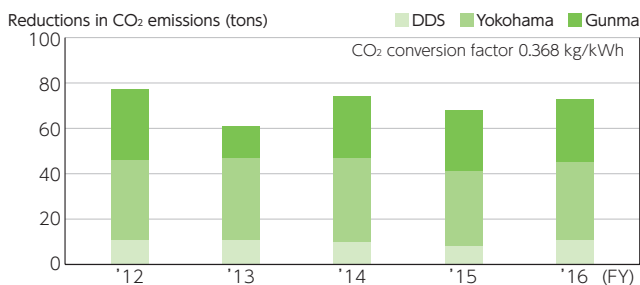


Gunma Plant (56 kW)  
Commissioned 2012

### NHK Spring solar generation performance



\*In fiscal 2013, because of a malfunction in the control system, electric power generation dropped (restored)



## Zero emissions

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

### Recovering and reuse of resources from waste plastic

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. Food waste is being recycled as compost through a fermentation and decomposition process using a newly introduced processor.

### On-site checks of waste processors

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



Separating waste at the recycling center



New food waste processor



On-site checks of waste processors

# NHK Spring fiscal 2016 targets and performance

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

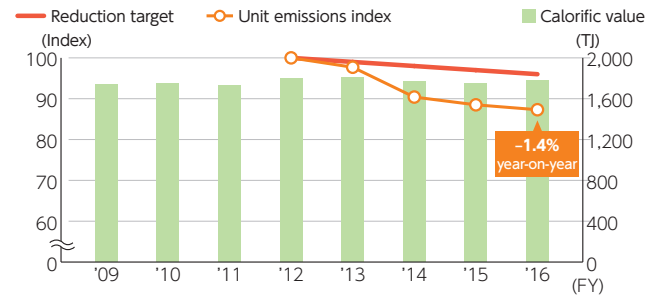
## Energy saving

NHK Spring has long been aware of environmental preservation issues and has been involved in energy saving. We have had these matters under consideration in energy saving subcommittees and working groups since moving our head office, and Suspension Spring and Seating divisions (plants) to Yokohama in 1991. We are currently continuing with energy saving initiatives at all our plants. The unit energy consumption for fiscal 2016 was 1.4% less year-on-year, achieving the annual goal.

Targets		
Unit energy consumption to sales: Annual reduction of 1% (based on fiscal 2012) (Under the Law Concerning the Rational Use of Energy, evaluation criteria of factories for rationalization of energy use)		
FY2016 target	FY2016 actual	Assessment
Target unit consumption* <b>96.0</b>	Unit consumption <b>87.3</b>	

\*Target unit consumption: Targeted reduction with fiscal 2007 unit consumption as 100

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



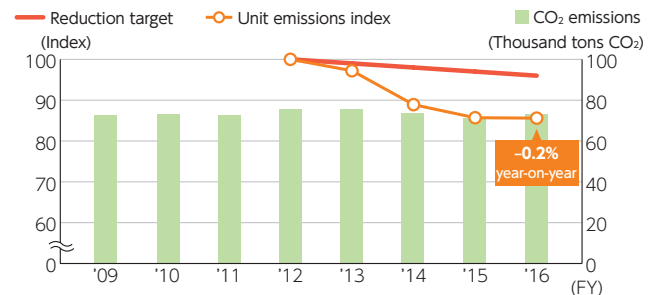
## Reduction in CO<sub>2</sub> emissions

We established a CO<sub>2</sub> Reduction Committee in 2008 for our involvement with our domestic Group companies in efforts to reduce CO<sub>2</sub> emissions. There are specific targets for reducing CO<sub>2</sub> emissions for the whole Group, and we are making efforts to prevent global warming. Our unit CO<sub>2</sub> emissions for fiscal 2016 decreased by 0.2% over the previous year allowing us to meet our yearly targets.

Targets		
Per unit CO <sub>2</sub> to sales: Annual reduction of 1% (based on fiscal 2012) (According to independent targets) (According to Japan Auto Parts Industries Association Eighth Environmental Voluntary Action Plan)		
FY2016 target	FY2016 actual	Assessment
Target unit consumption* <b>96.0</b>	Unit consumption <b>85.6</b>	

\*Target unit consumption: Targeted reduction with fiscal 2007 unit consumption as 100

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



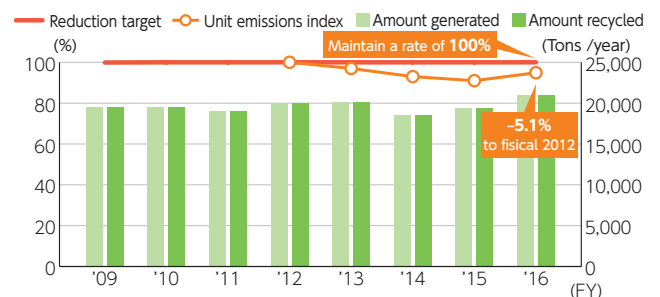
## Recycling of waste

We have a target of zero emissions.\* To reach it, we are involved in reducing the amount of waste going to landfill, lifting our recycling rate, and reducing our output of waste. We achieved this at our Yokohama facility by the end of fiscal 2002. We extended our efforts throughout the company from fiscal 2003, and to our domestic Group companies in fiscal 2005. We have maintained a 100% recycling rate since first achieving it in fiscal 2010. The unit amount of waste produced increased to do higher production, but we achieved our independent target to reduce waste 4% compared to fiscal 2012.

Targets			
Maintain zero emissions across the entire company (Recycling rate of at least 99% achieved since fiscal 2004)			
FY2016 target	FY2016 actual	Assessment	FY2017 target
Continue recycling rate of <b>99%</b> or higher	Recycling rate of <b>100%</b> (at least 99.95%)		Continue recycling rate of <b>99%</b> or higher

\*Zero emissions: Our definition of zero emissions is a recycling rate of at least 99%

### Movements in amounts of waste generated and recycled



\*Unit consumption in fiscal 2012 as 100

# Group company involvement

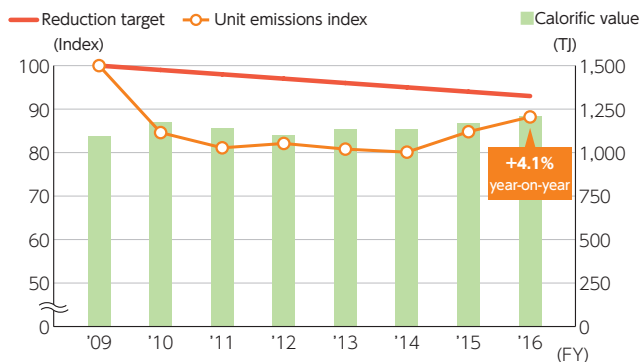
We involve the entire Group in our environmental conservation activities. They are all engaged in reducing environmental pollution.

## Energy-saving equipment

### Energy saving

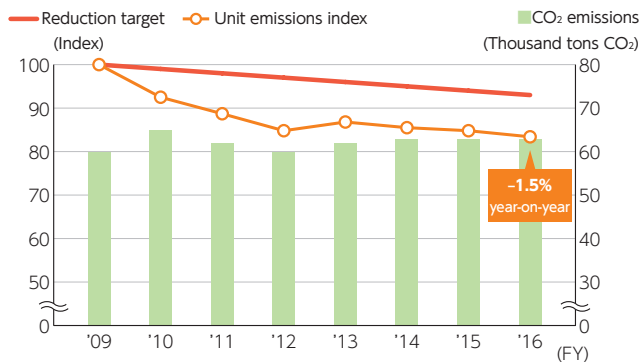
Our domestic Group companies are working with us to save energy, with a target of a 1% reduction annually in unit energy consumption to sales, with fiscal 2009 as the base year. In addition to promoting energy saving such as rationalization of production, we are striving to reduce CO<sub>2</sub> emissions by using furnace insulation. As a result, we reduced the unit amount of CO<sub>2</sub> emissions in fiscal 2016 slight and achieved our target. In addition, the basic unit of heating increased year-on-year, but we achieved our target.

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



\*Unit consumption in fiscal 2009 as 100  
\*Electric heat value coefficient = 8.81 GJ/1000 kWh

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



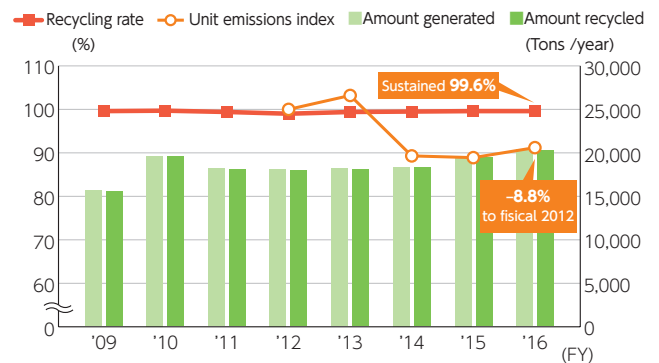
\*Unit consumption in fiscal 2009 as 100  
\*Electric CO<sub>2</sub> coefficient = 0.368 tons/1000 kWh

### Towards an environment-friendly society

The total amount of waste generated by NHK Spring Group companies in Japan in the 2016 was 20,410 tons. The amount recovered as resources was 20,324 tons to continue our 99.6% recycling rate from last year.

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

### Movements in amounts of waste generated and recycled



\*Unit consumption in fiscal 2012 as 100



Weighing separate waste via the NHK Spring service



Toshiaki Karasawa  
NHK MEC Corporation  
Plant Chief



## Efforts in Energy-saving Activities to Limit CO<sub>2</sub> Emissions

We are making remote control boxes for aircrafts at the Komagane Plant.

As a main initiative in fiscal 2016, we have been furthering reduction activities of waste resulting from defects produced during production assembly, the promotion of recycling through meticulous separation of waste, the participation in local environmental activities as well as other efforts. We will take our transition to the 2015 version of the ISO14001 in fiscal 2016 as an opportunity to work in new initiatives. Specifically, we are an operator not stipulated by law and have not engaged in efforts from a perspective of limiting CO<sub>2</sub> emissions, but we are turning our attention to this in the future. We will work in energy-saving activities such as limiting the use of electricity and revising usage methods of company vehicles. In this fiscal year, we have worked to understand the current state of things and examined reduction methods and we hope to connect this to efforts in the next fiscal year.

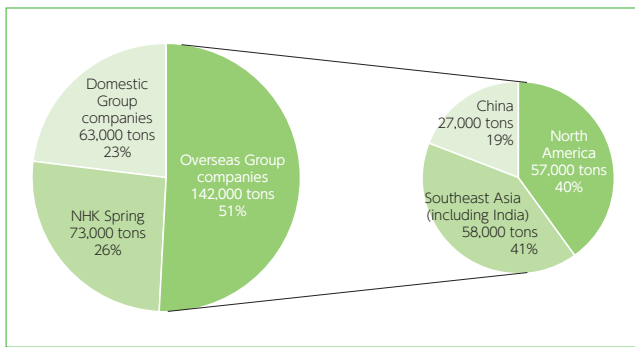
## Overseas Group companies

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

The volume of CO<sub>2</sub> emissions for overseas Group companies in fiscal 2016 accounted for 51% of the whole Group, an increase of 1% compared to the previous fiscal year.

This breakdown shows an increase of 2,000 tons in North America and Southeast Asia as well as 3,000 tons in China. In the future, we will further new activities to reduce CO<sub>2</sub> emissions by energy conservation diagnostics of our plant.

### Fiscal 2016 CO<sub>2</sub> emissions by Group segment

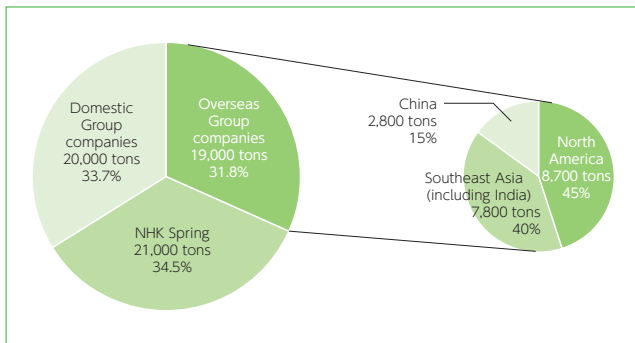


### Waste emissions

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

The ratio of overseas waste for fiscal 2016 has remained 32% throughout all of the Group companies, but the emissions increased 1,000 tons last year. In the future, we will further effective waste reduction activities by continuing independent recourse recovering activities while improving recycling.

### Fiscal 2016 volumes of waste generated by Group segment

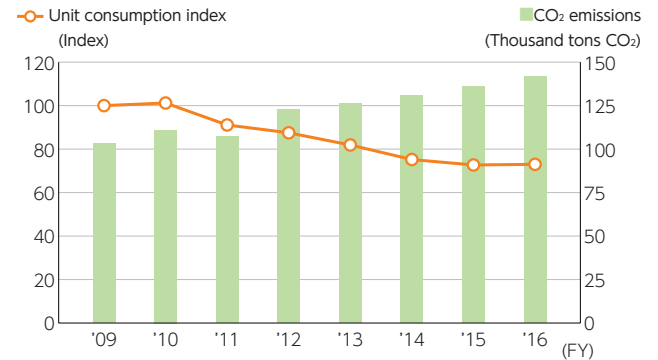


### Energy saving

Each of our companies implements energy saving activities in order to limit the energy used in production. Currently, we are systematically engaging in improvement activities based on energy-saving examples of Group companies in North America.

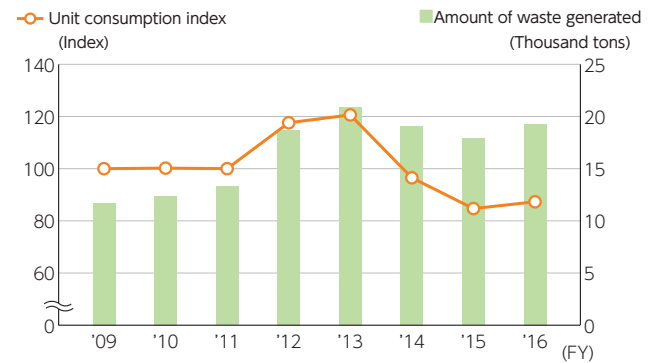
We also are expanding similar improvement activities as were carried out in Japan as in other regions, to progress energy saving actions throughout the Group overseas.

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



\*Unit consumption in fiscal 2009 as 100

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



\*Unit consumption in fiscal 2009 as 100

# Managing and reducing pollutants

We strive to properly manage and reduce pollutants according to our own standards, and the law and rules of the organizations we belong to.

## Pollutant Release and Transfer Register (PRTR) surveys

Since fiscal 1997, we have taken part in voluntary PRTR surveys organized by Nippon Keidanren (Japan Business Federation), in an effort to establish the amounts of pollutants that we handle, release and transfer.

We have been reporting data to the Ministry of Economy, Trade and Industry under the PRTR Law since June 2001. However, we have set up our own survey standards to quantify the use of chemical substances across all departments of the company.

Since fiscal 2005, our domestic Group companies have

conducted the same voluntary PRTR surveys in an effort to reduce the release of pollutants.

The table below lists each of the substances of which we handle a total of at least 0.1 tons per year.

From fiscal 2011, we continued to manage chemical substances so that we did not use substances of very high concern under European REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulations, and also those that we expected to be regulated in future.

### Results of fiscal 2016 survey of pollutant releases and transfers (April 1, 2016 - March 31, 2017)

(Units: Tons/year)

PRTR Law Cabinet Order No.	Name	Types of designated chemical compounds	Amount used yearly	Amount emitted						Amount moved	
				Atmosphere	Water quality	Soil	Buried on-site			Sewage system	Waste (subcont.)
							Stable	Managed	Isolated		
1	Zinc compounds (water-soluble)	Class I	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9
20	2-aminoethanol	Class I	1.3	0.3	0.0	0.0	0.0	0.0	0.0	0.2	0.9
30	Linear alkylbenzenesulfonate	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
53	Ethyl benzene	Class I	5.5	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.1
71	Ferric chloride	Class I	8.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5
80	Xylene	Class I	29.2	12.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
82	Silver and its water-soluble compounds	Class I	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
232	N,N-dimethylformamide	Class I	8.3	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
296	1,2,4-trimethylbenzene	Class I	7.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
297	1,3,5-trimethylbenzene	Class I	1364.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.9
298	Toluene diisocyanate (TDI)	Class I	112.6	23.9	0.0	0.0	0.0	0.0	0.0	0.0	10.7
300	Toluene	Class I	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.3
309	Nickel compounds	Special Class I	29.2	8.4	0.0	0.0	0.0	0.0	0.0	0.0	1.4
384	1-Bromopropane	Class I	1.4	0.0	0.0	0.0	0.0	0.0	0.0	1.4	0.0
410	Polyoxyethylene nonylphenyl ether	Class I	3.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.6
412	Manganese and its compounds	Class I	1100.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.2
448	Methylene diphenyl diisocyanate (MDI)	Class I	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
455	Morpholine	Class I	2676.4	49.1	0.0	0.0	0.0	0.0	0.0	1.9	24.6
Total volume of PRTR substances			1969.7	70.2	0.0	0.0	0.0	0.0	0.0	1.9	18.0
Domestic Group companies											
1	Zinc compounds (water-soluble)	Class I	13.7	0.0	0.0	0.0	0.0	0.0	0.0	0.2	7.8
20	2-aminoethanol	Class I	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
53	Ethyl benzene	Class I	32.9	32.6	0.0	0.0	0.0	0.0	0.0	1.0	0.6
66	1,2-Epoxybutane	Class I	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
69	2,3-Epoxypropyl phenyl ether	Class I	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
80	Xylene	Class I	77.1	65.7	0.0	0.0	0.0	0.0	0.0	2.2	1.2
185	Dichloropentafluoropropane (HCFC225)	Class I	1.3	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
186	Dichloromethane	Class I	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
232	N,N-dimethylformamide	Class I	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
240	Styrene	Class I	46.7	29.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
296	1,2,4-trimethylbenzene	Class I	9.2	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
297	1,3,5-trimethylbenzene	Class I	1.3	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
298	Toluene diisocyanate (TDI)	Class I	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
300	Toluene	Class I	111.2	109.1	0.0	0.0	0.0	0.0	0.0	0.5	0.9
304	Lead and its compounds	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
309	Nickel compounds	Special Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
321	Vanadium compounds	Class I	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
354	Bis (n-butyl) phthalate	Class I	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
384	1-bromopropane	Class I	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5
448	Methylene diphenyl diisocyanate (MDI)	Class I	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total volume of PRTR substances			299.0	241.7	0.0	0.0	0.0	0.0	0.0	3.7	12.3

\*Industrial wastes include waste materials that have value or no value and that can be recycled. Excludes materials sold.

\*Volume moved when discharged into public sewage system

## Editorial policy

The NHK Spring Group has published the NHK Spring Report since the 2008 fiscal year, summarizing the overview of social, environmental and financial aspects of what we have done over the last year. The 2017 NHK Spring Report is our tenth. 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** <http://www.nhkspg.co.jp/eng/csr/>

**Shareholder and investor information** <http://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 2016 to March 2017.

As it is published in November, it will also include any major developments since April 2017.

## Readership

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



**NHK SPRING CO.,LTD.**

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