

(Supplementary Data to NGK Group's Supply-Chain CSR Guideline)

NGK Group's Green Procurement Standard

September, 2013 (Version 1.0)

NGK INSULATORS, LTD.

Purchasing Department
Environmental Management Department

Contents

| | | |
|-----|---|---|
| I. | The NGK Group's Environmental Efforts..... | 3 |
| 1. | Core Policy on the Environment..... | 3 |
| 2. | Basic Policy of Green Procurement..... | 3 |
| II. | The NGK Group's Green Procurement Standard..... | 4 |
| 1. | Perspective of the NGK Group's Green Procurement..... | 4 |
| 2. | Standards for Purchased Goods and Services..... | 4 |
| 3. | Terms and Definitions..... | 5 |
| 4. | Scope of Application..... | 5 |

<Appendix>

| | |
|--------------------|---|
| Appendix 1 | : About Prohibited Substances and Controlled Substances |
| Appendix A | : Examples of Prohibited Substances |
| Appendix B-1 and 2 | : Examples of Controlled Substances |

I. The NGK Group's Environmental Efforts

1. Core Policy on the Environment

The NGK Group instituted its own Core Policy on the Environment in April 1996, with the aim of recognizing conservation of the global environment as a common, critical issue for all human beings, and as a guide for promoting our corporate operations in harmony with the environment. Based on this core policy, we reduce the environmental burden our business operations create, and develop environmentally friendly technologies and products which contribute to preserving the global environment.

Environmental Philosophy

NGK's positive approach to the environment begins with its basic corporate philosophy: "NGK products and technologies must create new value and contribute to the quality of life." In particular, we focus on the "Triple-E areas of Ecology, Electronics and Energy. Through our work in these areas, we seek to develop solutions to some of the critical challenges facing the world today and in the future.

Environmental Action Guidelines

- (1) Strive toward development, design, and manufacture of products that are environmentally friendly, and that have a low impact on the environment.**
- (2) Work toward decreasing the environmental impact of our business activities.**
Use design review methods to scientifically study and evaluate the environmental impact of our business activities.
 - 1) Promote energy conservation in process and equipment, and work toward curbing CO2 emissions.**
 - 2) Promote resource savings and recycling, and work toward the reduction of by-products.**
 - 3) Reduce risks through the appropriate usage and management of chemical substances.**
 - 4) Give priority to the procurement and purchasing of environmentally friendly materials, parts, products and equipment. Furthermore, strengthen partnerships with suppliers of these materials.**
- (3) Enhance environmental management systems from a global viewpoint, and implement continuous reforms in order to reduce the impact on the environment.**
- (4) Strictly adhere to laws, regulations, and other requirements. Furthermore, establish voluntary standards, and work toward increased environmental conservation.**
- (5) Disclose environmental information outside the Company, and continue discussions with all interested parties. Actively develop community relations activities. Furthermore, carry out training and publicity activities in order to increase employee awareness of environmental issues.**

2. Basic Policy of Green Procurement

According to the Core Policy on the Environment, NGK enacted its Basic Policy of Green Procurement in April 2000 and NGK has since been working on reduction of environmental impacts.

Basic Green Procurement Policy

- 1) Implement Green Procurement procedures for raw materials, parts, manufacturing facilities, sub-materials, office supplies, and all other purchased goods and services.**
- 2) Give precedence to products and services with good quality, price, and delivery terms that also feature a low environmental impact, as well as to corporations which give important consideration to environmental protection.**

II. The NGK Group's Green Procurement Standard

1. Perspective of the NGK Group's Green Procurement

The entire NGK Group is working together to reduce environmental burden. However, in addition to our own commitment and activities within our group, we feel that cooperation and coordination with our business partners and suppliers is also essential in reducing environmental burden in a more practical and effective way. When choosing products and services, as well as considering the quality, costs and timely delivery, the NGK Group gives precedence to companies that recognize the importance of global environment conservation and to products with low environmental burden.

The NGK Group confirms that its business partners and suppliers are committed to environmental conservation by having them agree to abide by the NGK Group's Supply-Chain CSR Guideline.

2. Standards for Purchased Goods and Services

1) Common Standard

NGK and its Group Companies will purchase Goods and Services preferentially which meet with the following requirements as "Green Items":

- (1) Corresponding to any of the following:
 - a. Long life items (a longer life than other existing items)
 - b. Items which are made of recyclable materials or reusable materials.
 - c. Items which are easier to recycle or easier for classified disposal.
 - d. Items which have less environmental impact at the time of disposal
 - e. Items which contribute to generous environmental conservation such as energy-saving or resource savings.
- (2) Items which are undertaken with regard to the following conditions:
 - a. Items which adopt proper countermeasures for environmental preservation at each phase of the manufacturing process
 - b. Items which are not difficult to dispose.
 - c. Items of which quality and safety meet related laws and regulations.

2) Standards for Each Purchase Category

In addition to the above, for the following categories, in principle, items must meet the standards described below.

<Generally purchased goods>

- In Japan, products must comply with environmental standards signified by marks including Eco Mark and Green Mark and with the guideline of Green Purchasing Network (GPN).
- Outside Japan, products must generate low environmental burden in compliance with standards such as those signified by European ECO Level etc.

<Raw materials, parts, components, auxiliary materials, products and so forth>

- Raw materials, parts, components, auxiliary materials, products and so forth delivered to NGK or its Group Companies must not contain any Prohibited Substance as listed in Appendix 1.
- When delivering raw materials, a part, a component, an auxiliary material, a product or the like which contains any of the Controlled Substances listed in Appendix 1, information about this substance must be submitted to NGK or each of its Group Companies concerned.
- Raw materials, parts, components, auxiliary materials, products and so forth must comply with applicable laws, regulations, codes and standards that govern the regions or the countries where NGK or its Group Companies receiving such items are present.

Appendix A lists examples of substances falling under the Prohibited Substance standards stipulated in Appendix 1. Appendixes B-1 and B-2 list examples of substances falling under the Controlled

Substance standards B-1 and B-2, respectively. Even for a substance not included in Appendixes A, B-1 or B-2, if the laws and regulations intended by each standard in Appendix 1 have decided to include that substance in the Prohibited or Controlled Substances, that particular substance shall be considered a Prohibited or a Controlled Substance as defined by NGK and its Group Companies, meaning that the substance is either prohibited or must come with containment information.

In any event, NGK or its Group Companies may ask suppliers to submit “Certification for Non-Inclusion” and /or detailed data for some particular chemical substances when and if necessary.

3. Terms and Definitions

| Terms | Definitions |
|-----------------------------------|--|
| Generally purchased goods | Commercially available general items such as office supplies and furniture |
| Substances or chemical substances | Elements or compounds of two or more elements |
| Intentional additives | To intentionally add a substance into the delivered item Determining whether intentional additives are present shall be a result of not only the investigation on the supplier’s practice but also a result of investigation through the entire supply chain. |
| Homogeneous material | Material which has a homogeneous structure in its entirety and cannot be separated mechanically |
| Exceptions (Essential use) | A specific use which the control does not apply to because applicable laws define such use as essential. |

4. Scope of Application

This Green Procurement Standard applies to NGK and its Group Companies.

* Refer to the following website for the names of specific NGK Group Companies.

<http://www.ngk.co.jp/info/outline/group.htm>

An NGK Group Company may individually formulate its own guideline which includes the Prohibited or Controlled Substances List and Application of the Regulations etc.