

## **THE MODERN SLAVERY ACT 2015 TRANSPARENCY STATEMENT FOR THE FISCAL YEAR ENDING 31 MARCH 2017**

This statement is made on behalf of NGK SPARK PLUGS (UK) LTD pursuant to Section 54 (Part 6) of the Modern Slavery Act 2015. NGK SPARK PLUGS (UK) LTD is a wholly owned subsidiary of NGK SPARK PLUG CO., LTD., based in Japan.

### **STATEMENT OF NGK SPARK PLUGS (UK) LTD IN COMPLIANCE WITH S54(5)**

#### **ORGANISATION STRUCTURE, BUSINESS AND SUPPLY CHAINS**

NGK SPARK PLUGS (UK) LTD is the sole importer and distributor of spark plugs, automotive sensors for internal combustion engines, semiconductor packages, cutting tools and industrial ceramics, which are primarily NGK SPARK PLUG Group products, in the United Kingdom.

NGK SPARK PLUG CO., LTD., headquartered in Nagoya, Japan, was founded in 1936. We manufacture a comprehensive range of products using ceramics as a primary raw material. The NGK SPARK PLUG Group holds a leading share in the global market for spark plugs and automotive oxygen sensors for internal combustion engines. We also offer a broad range of semiconductor packages, cutting tools, bio ceramics for medical treatments and industrial ceramics. Through a global network of sales and manufacturing businesses employing approximately 15,000 employees, we offer high quality products in most of the world's developed markets.

The manufacturing supply chain (Tier1) is located mainly in Japan, represented by more than 1,000 companies, which are suppliers of the NGK SPARK PLUG CO., LTD.

#### **POLICIES IN RELATION TO SLAVERY AND HUMAN TRAFFICKING**

In 1996, NGK SPARK PLUG CO., LTD. established our corporate philosophy. To put the philosophy into practice, we established our Corporate Code of Conduct in 1998. In the first article of the Corporate Code of Conduct, we declared that "the company respects human rights, whether inside or outside of Japan, and complies with all applicable laws, international rules and the spirit of those laws and rules". We declare in our CSR policy that we will continually strive to eliminate discrimination in employment, all kinds of harassments, forced labour and child labour and that we respect human rights.

On 15th November 2016, we signed and committed ourselves to the United Nations Global Compact (UNGC) because the ten principles of UNGC match our Code of Conduct and CSR Policy. In order to contribute to the creation of a sustainable society, the Group supports the ten principles of "human rights", "labour", "environment" and "anti-corruption", which the UNGC imposes, by promoting CSR and "As a good member of society", we declared that we will promote various activities.

For more information of UNGC, please refer to the following web pages:

<https://www.unglobalcompact.org/>

<https://www.unglobalcompact.org/what-is-gc/participants/99381-NGK-Spark-Plug-Co-Ltd->

A central rule (Group Human Resource rule) for all group companies prohibits discrimination, harassment, abuse, forced labour (which includes human trafficking, child labour, slave labour and any other type of forced labour) and promotes equality in all circumstances.

In addition, the group has introduced a business ethics helpline, to which we have drawn the attention of most employees, and plans to extend that globally. Our whistleblowers policy encourages the reporting by employees of any wrongful conduct.

## **DUE DILIGENCE PROCESSES IN RELATION TO SLAVERY AND HUMAN TRAFFICKING IN BUSINESS AND SUPPLY CHAINS**

NGK SPARK PLUG CO., LTD. has concluded "a Business Basics Contract" with all business partners, which stipulates, in Article 4 (Corporate Social Responsibility), that they must adhere to domestic and foreign legal requirements, such as human rights and health and safety regulations, abolish all forms of discrimination such as employment discrimination, guarantee equality of opportunity and prohibit forced and child labour. Furthermore, we require those partners to report to us every example of violation together with the improvement measures and the improvement results in case of such violations.

In addition, we are dealing with conflict minerals that are sources of funds for armed groups using forced labour, child labour etc. in the Democratic Republic of Congo and its surrounding nine countries. We ask suppliers to procure resources and raw materials responsibly within the CSR Procurement Guidelines, in which we aim to stop procurement from those areas, including the Democratic Republic of Congo and its surrounding countries, where conflict minerals are a source of funds for armed groups involved with forced labour, child labour, etc.

Further, we conduct an assessment of business partners with the EICC template concerning target minerals,

which consist of 3 TG, i.e. tin, tantalum, tungsten and gold, to confirm whether they are obtained from refineries certified by a third-party organisation. The investigation results are reported to customers if they request the results.

In May, 2013, NGK SPARK PLUG CO., LTD. established "CSR Procurement Guidelines" and rolled them out to all business partners. In those guidelines, we share our policies in a number of key areas with our business partners. Those policies concern human rights, labour, health and safety, environment, fair trade, ethics, quality, safety, information security and contribution to society. In order to guarantee the prohibition of forced labour, inhumane treatment, child labour, and all forms of discrimination, they are detailed in a clause covering employees' human rights, together with rules concerning appropriate wages, appropriate working hours and the right of organisation.

In addition, the guidelines also require partners to have a responsible procurement policy for resources and raw materials in order to comply with the guidelines regarding conflict minerals.

- ❖ We lower the risk of violating human rights by informing suppliers of our CSR Procurement Guidelines, and asking them to adapt the guidelines in their operations, at seminars for suppliers.
- ❖ We request suppliers to perform self-evaluation with the "CSR Self-Inspection Check Sheet" and ask for improvements when their results show a high risk of violating human rights.
- ❖ We strive to eliminate or reduce the use or consumption of conflict minerals as much as possible where our supply chain could involve any use or consumption of the conflict minerals, by conducting an assessment across all tiers of the supply chain.

## **PARTS OF THE BUSINESS AND SUPPLY CHAINS WHERE THERE IS A RISK OF SLAVERY AND HUMAN TRAFFICKING TAKING PLACE, AND THE STEPS TAKEN TO ASSESS AND MANAGE THAT RISK**

Our overseas group companies operate in 21 countries. We identify and focus on countries with high human rights risks, including Japan, by referring to the maps of NGOs such as Trans-Parency International. We attempt to identify risks derived from forced labour, human trafficking etc., which may lead us to commit criminal acts or violate reporting obligations if laws are tightened in future. We also attempt to identify risks arising from the application of laws by other countries across borders. The risks that we consider are those which impact the Group's businesses by damaging our corporate reputation, upsetting relationships with our customers, restricting access to investment and financing and by disrupting the supply chain.

All business partners are requested to conduct a periodic self audit (CSA) in accordance with the "CSR Procurement Guidelines" to explain their regulatory compliance system in respect of human rights, labour (forced labour, child labour, trafficking, working conditions, etc) and, when it becomes necessary, NGK SPARK PLUG CO., LTD. conducts an audit of its partners and oversees an improvement plan.

In addition, we are strengthening our policies by extending our CSR procurement guidelines to business partners further upstream in the supply chain, and by requiring them to influence their business partners further up the supply chain (Tier 2 -).

Within the Group, NGK SPARK PLUG CO., LTD. conducts CSR surveys every year to identify the level of compliance with human rights and labour related regulations (forced labour, child labour, human trafficking, working conditions, etc.), followed by the development of action plans to remedy any weaknesses (risks) identified for each company. The progress of action plans is monitored by headquarters to make sure that the plans are completed in a timely and effective manner.

## **EFFECTIVENESS IN ENSURING THAT SLAVERY AND HUMAN TRAFFICKING IS NOT TAKING PLACE IN THE BUSINESS OR SUPPLY CHAINS AND COMPARISON WITH APPROPRIATE PERFORMANCE INDICATORS**

### **SUPPLIERS**

In the fiscal year ending March 2016, NGK SPARK PLUG CO., LTD. requested 930 suppliers to fill out our "CSR Self-Inspection Check Sheet (CSA)" for self-evaluation, in which there were several human rights related questions including slavery and human trafficking. We received a good level of response from 883 suppliers. The survey results were shared with the suppliers individually and they were supported in plans for improvement if necessary. From the survey results in this fiscal year, no suppliers were identified, who needed corrective action with respect to human rights.

### **GROUP COMPANIES**

We conduct CSR activity surveys every year with our group companies as well as suppliers. We also conducted a survey in 2016, and received responses from 35 companies out of 35 companies. As a result, 0% were judged to be at risk.

## TRAINING AND CAPACITY BUILDING OF STAFF IN RELATION TO SLAVERY AND HUMAN TRAFFICKING

- ❖ NGK SPARK PLUG CO., LTD. provides comprehensive CSR training courses covering human rights violations for management and generic CSR training courses for all employees.
- ❖ NGK SPARK PLUGS (UK) LTD has set up a Modern Slavery Act training programme for employee education. Training started at the end of March 2017, and all employees have already taken the course.



Eiji Kobayashi  
Managing Director  
NGK SPARK PLUGS (UK) LTD  
29<sup>th</sup> September 2017