Corporate Governance Report

Last Update: June, 25, 2021
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https://www.ngkntk.co.jp/english/index.html

The corporate governance of NGK SPARK PLUG CO., LTD. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

Guided by our corporate philosophy under the slogan "With established trust and confidence inside and outside the company, we aim to contribute to the peoples of the world by creating and putting at their disposal new values for the future", we have established, and are working to enhance, our corporate governance system to promote management aimed at increasing our corporate value over the medium to long term. Our basic view on corporate governance is to build relationships of trust with our shareholders, customers, business partners, employees, local communities, and other stakeholders through management that ensures fairness and a high degree of transparency, and to develop and operate management framework and internal control system to achieve sustainable growth through efficient and sound management.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company complies with all of the principles set forth in the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

The definitions of terms used below are as follows:
・Management: Executive directors and corporate officers
・Senior Management: Executive directors

[Principle 1-4: Cross-Shareholdings]
1. Policy on Cross-Shareholdings
The Company holds shares that it has determined will lead to enhancement of the Company's corporate value after verifying the medium- to long-term economic rationality based on maintaining and strengthening ongoing and stable business relationships with clients, suppliers, and other business partners as a fundamental principle. Each year, the Board of Directors verifies the effects of these holdings from the perspectives of their rationality and enhancement of corporate value based on comparisons of capital costs and medium- to long-term risks and returns for each holding, and in cases where a determination is made that continued holding of a particular stock is not suitable, the Company sells the stock while appropriately monitoring market trends.

2. Standards on the Exercise of Voting Rights
With regard to the exercise of voting rights regarding shares that it holds, the Company makes determinations whether to vote for or against each resolution from the perspective of whether the vote will contribute to raising the corporate value of the issuing company and the Company. In cases of resolutions for the election of officers, for appropriation of surplus, or that will have a substantial impact on shareholder value in particular, the Company exercises its voting rights in accordance with the Standards on the Exercise of Voting Rights.

[Principle 1-7: Procedures and Frameworks Regarding Transactions with Interested Parties]
To ensure that the common interests of the Company and its shareholders are not damaged by transactions with interested parties, such transactions require the approval of the Board of Directors under laws and regulations as well as internal rules and the results of such transactions must be reported to the Board of Directors.

[Principle 2-6: Function as a Corporate Pension Asset Owner]
The Company has a defined benefit pension system intended to stably build employee assets. The Company established the Pension Fund Committee to perform effective asset investment operations, including discussing and determining policies regarding general pension asset management and selecting and evaluating investment organizations in accordance with the Pension Fund regulations.
The Pension Fund Committee includes human resources with appropriate qualifications such as the heads of the accounting department and labor department as well as labor union executives as representatives of the beneficiaries. To supplement and enhance the degree of specialization as a corporate pension fund, investment consultants are hired as outside experts, and comprehensive monitoring of investment results and policies of asset managers, investment structures, investment processes, and so on is conducted at the pension fund asset investment performance report meetings held each quarter. The results are reported each year to the Board of Directors.

[Principle 3-1: Full Disclosure]
1.Company Objectives(e.g. Business Principles), Business Strategies, and Business Plans
The Company's Corporate Philosophy, Long-Term Management Plan and Medium-Term Management Plan are posted on the Company websites specified below and are explained through financial results briefings, investor relations activities, and other means.

Corporate Philosophy
https://www.ngkntk.co.jp/english/corporate/philosophy/corporate_philosophy.html

Long-Term Management Plan
https://www.ngkntk.co.jp/english/ir/management/long_term_management_plan.html

Medium-Term Management Plan
https://www.ngkntk.co.jp/english/ir/management/pdf/medium-term_management_plan_e.pdf

2. Basic Views and Guidelines on Corporate Governance Based on Each of the Principles of the Code
The Company's basic policy regarding corporate governance is set forth in this report under "1. Basic Views" in "Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information."

3. Board Policies and Procedures for Determining the Remuneration of the Senior Management and Directors
Director and corporate officer remuneration comprises base remuneration paid in cash, bonuses linked to the degree of achievement of the Company's performance over the course of a single year and other factors, and performance-linked, stock-based remuneration (excluding outside directors) that is determined according to rank and the degree of achievement of performance targets set forth in the medium-term management plan and so on. This structure is intended to raise awareness regarding the contribution to improving corporate performance and maximizing corporate value over the medium- to long-term and is based on a fundamental policy of directors and corporate officers sharing interests with shareholders through ownership of Company shares.

Furthermore, based on the Board of Directors' request for opinions, the Remuneration Committee, in which a majority of the members are independent outside directors and outside Audit & Supervisory Board members, deliberates on matters related to director remuneration, including the appropriateness of policies, procedures, and systems, as well as the appropriateness of the proposed remuneration for each director, and delivers its opinions to the Board of Directors. This serves to ensure transparency and fairness of decisions regarding director remuneration.

4. Board Policies and Procedures in the appointment and dismissal of the senior management and the nomination of Directors and Audit & Supervisory Board member candidates
The Company believes that it is important for the Board of Directors to comprise diverse human resources with different backgrounds, including expertise and experience, in order to achieve sustainable growth and enhancement of corporate value over the medium to long term. Director candidates shall be individuals possessing extensive experience, high-level insight, and advanced expertise, with due attention to ensuring diversity of gender, nationality, and other aspects. For the nomination of director candidates, the Nomination Committee, in which a majority of the members are independent outside directors and outside Audit & Supervisory Board members, is established as an advisory body to the Board of Directors. To ensure reasonableness and transparency, the Board of Directors adopts resolution on nominations following deliberation by the Nomination Committee, for submission to the General Meeting of Shareholders.
With regard to Audit & Supervisory Board members, candidates shall be individuals possessing the capabilities required for conducting audits, including expertise and insights into financial, accounting, and legal matters, as well as extensive knowledge and experience in a wide range of fields, to ensure that they can perform the vital roles and responsibilities expected of them. Nomination of Audit & Supervisory Board member candidates is made by resolution of the Board of Directors following deliberation by the Nomination Committee and with the consent of the Audit & Supervisory Board, for submission to the General Meeting of Shareholders.
Senior management can be dismissed in cases of improper conduct or serious violation of laws and regulations or the Articles of Incorporation in the course of performing duties or in the case where a determination is otherwise made that it would be unfeasible for the relevant individual to properly perform his or her duties. Following deliberation by the Nomination Committee, dismissal of a senior manager is decided by resolution of the Board of Directors.

5. Explanations with respect to the individual appointments, dismissals, and nominations based on 4
Information regarding the reasons for selecting of each candidate director and Audit & Supervisory Board member is described in notice of convocation of shareholders meeting which is posted on the Company website specified below.

Ordinary General Meeting of Shareholders
https://www.ngkntk.co.jp/english/ir/events/shareholders.html

[Supplementary Principle 4-1-1: Summary of the Scope of Delegation to Management]
In addition to those matters specified by laws and regulations and the Company's Articles of Incorporation, the Company's Board of Directors makes decisions on those matters specified as resolution matters in the Board of Directors Rules. Decisions regarding other matters of business execution are delegated to management on the president, Corporate Officer, and lower levels, and the details of such delegation are clearly set forth in basic policies, decision-making rules, and other internal rules.

[Principle 4-9: Independence Standards and Qualification for Independent Outside Directors]
In addition to the qualifications of outside directors and outside Audit & Supervisory Board members specified in the Companies Act and the criteria on the independence of independent officers specified by financial instrument exchanges, the Company adopted its own Criteria for Election of Independent Officers and elects only persons who meet all of those criteria as Independent Outside Directors.
The Criteria for Election of Independent Officers is set forth in this report "Matters relating to Independent Directors/Audit Supervisory Board members" under "1. Organizational Composition and Operation
[Independent Directors/Audit & Supervisory Board members]" in "Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management".

The Company appoints independent outside directors from among persons who have integrity, possess high level of knowledge and competency, and wide-ranging knowledge and extensive experience in their area of specialization or expertise that will enable them to provide advice concerning management in general from an outside and objective perspective at Board of Directors meetings.

[Supplementary Principle 4-11-1: Views on Balance and Diversity of Knowledge, Experience, and Skills within and Size of the Board of Directors as a Whole]
The Company's Board of Directors believes that it is important for the Board to comprise diverse human resources with different backgrounds, including specialized knowledge and experience, in order to achieve sustainable growth and increases in corporate value over the medium to long term. The Board is made up of human resources with extensive experience, high levels of knowledge, and advanced specialization, with consideration given to gender and nationality, to achieve a good balance according to the business environment at a given time.
In addition, by establishing a Board with multiple outside directors (currently four) who have experience and specialized knowledge gained under environments that differ from the Company, the Board can engage in deliberations from various perspectives in an effort to ensure transparency and objectivity in decision making.

[Supplementary Principal 4-11-2: Concurrent Assignments of Directors and Audit & Supervisory Board Members]
Information regarding the status of concurrent assignments of outside directors and outside Audit & Supervisory Board members is set forth in this report under "1.Organizational Composition and Operation: [Directors] and [Audit & Supervisory Board members]" in "Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management".
Information regarding the status of concurrent assignments of directors and Audit & Supervisory Board members other than outside directors and outside Audit & Supervisory Board members is also provided in notice of convocation of shareholders meeting.

[Supplementary Principle 4-11-3: Summary of Results of Analysis and Evaluation of the Effectiveness of the Board of Directors]
The Company conducted the fiscal 2020 questionnaire survey of its directors and Audit & Supervisory Board members, consisting of evaluation items that included the composition and operation of the Board of Directors, deliberation on such matters as management strategies, and the supervision of business execution, and evaluated the effectiveness of the Board of Directors based on the survey results and other information. The results confirmed that the effectiveness of the Board of Directors is adequately achieved and that the following items in particular are effectively implemented.

- The Board of Directors' composition is appropriate in terms of knowledge, experience, capabilities, and diversity of background necessary to perform its roles and responsibilities.
- Views were shared on the importance of strengthening the supervisory functions of the Board of Directors and the roles of outside directors.
- Optimization of the Group's overall business portfolio and appropriate allocation of management resources are properly performed based on an accurate understanding of capital costs.
- The Board of Directors makes decisions on basic policies regarding establishment of group-wide internal control systems and provides appropriate supervision over the establishment and operation of such systems.
- The management monitors and identifies risks that the Company faces and continuously confirms that effective processes for evaluating potential effects of those risks are established.
- The Nomination Committee and Remuneration Committee function as effective advisory bodies to the Board of Directors for ensuring reasonableness and transparency with regard to director nomination and determination of remuneration.

Of the issues identified in the fiscal 2019 efficiency evaluation, with regard to "enhancement of deliberation on management and business strategies," the Board of Directors conducted ongoing deliberations regarding formulation of long-term and medium-term management plans, deliberated on medium- to long-term management and business strategies, and implemented measures to carry them out, including the delegation of authority to Corporate Officers. With respect to "improvement of officer training programs," the Board of Directors confirmed that orientation for newly appointed officers has been expanded and improved, but that there is still room for improvement concerning continuing training after appointment, and this issue will

continue to be addressed.
Items that were identified for further enhancement of the effectiveness of the Board of Directors by this year's evaluation of effectiveness include demonstration of supervisory functions in light of the introduction of a company system and reinforcement of monitoring functions with regard to non-financial management indicators. These issues will be addressed in the future as part of the Company's ongoing commitment to maintaining and improving the effectiveness of its Board of Directors.

[Supplementary Principle 4-14-2: Policy on Training Directors and Audit & Supervisory Board Members]
The Company appropriately provides necessary support to directors and Audit & Supervisory Board members so that they can properly perform their expected roles and duties.
Directors strive to acquire the knowledge necessary for them to perform their work duties by attending outside seminars and other means, and officer training attended by all directors and all Audit & Supervisory Board members is held, and efforts are made to share information on and resolve management issues. Outside directors receive briefings on details of business and operations from each division and visit key offices to deepen their understanding of the Company, its Subsidiary or Affiliate Companies (hereinafter referred to as "the Group").
Audit & Supervisory Board members attend outside seminars as appropriate to increase their understanding as Audit & Supervisory Board members and gain knowledge on audit procedures, relevant laws and regulations, and financial accounting necessary for accounting audits. Audit & Supervisory Board members are also provided with opportunities to deepen their understanding of the Company through site visits of plants and subsidiaries.

[Principle 5-1: Policy for Constructive Dialogue with Shareholders]
The Company takes advantage of general shareholders meetings and various other opportunities to engage in constructive dialogue with shareholders in order to contribute to continuous growth and enhancement of corporate value over the medium- to long-term. Through such dialogues, the Company seeks to pay appropriate attention to the views of shareholders, clearly explain management policies to shareholders, and gain their understanding. The specific policy is as set forth below.
1. The representative director oversees dialogues with shareholders in general and strives to conduct constructive dialogue with shareholders.
2. The directors responsible for financial strategy and corporate administration supervise the Accounting & Finance Department, General Administration Department, Corporate Legal Department and Investor Relations Department and work with other related organizations such as the Corporate Strategy Department and business departments to support dialogue by management with shareholders.
3. In addition to individual discussions with shareholders and institutional investors, briefings for investors and analysts and conference calls are conducted. The Company also actively participates in briefings for individual investors held by securities companies and others and works to enhance means of engaging in dialogue with shareholders and investors.
4. Information and documents relating to investor briefings and so on are posted on the Company's website and information is disclosed.
5. The details of dialogue with shareholders are reported to all directors, and the opinions and concerns of shareholders ascertained through such dialogue are considered and appropriate responses are investigated or such opinions and concerns are reflected in business operations.
6. With regard to the management of insider information during such dialogues, the Company's relevant internal rules are followed and compliance is maintained by obtaining verification regarding information disclosures from outside attorneys.

2. Capital Structure

Foreign Shareholding Ratio	More than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Meiji Yasuda Life Insurance Company	16,794,569	8.22
The Dai-ichi Life Insurance Company, Limited	16,752,850	8.20
The Master Trust Bank of Japan ,Ltd. (Trust Account)	15,932,900	7.80
Custody Bank of Japan, Ltd. (Trust Account)	8,041,800	3.93
National Mutual Insurance Federation of Agricultural Cooperatives	7,404,100	3.62
MUFG Bank, Ltd.	4,380,268	2.14
The Master Trust Bank of Japan, Ltd., (for Toyota Motor Corporation)	3,929,075	1.92
Nippon Life Insurance Company	3,563,938	1.74
TOTO LTD.	3,433,863	1.68
Custody Bank of Japan, Ltd.(Trust Account 7)	3,322,800	1.62

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation

1. The status of major shareholders is based on the register of shareholders as of March 31, 2021.
2. Nomura Asset Management Co., Ltd. and its two corporate joint holders submitted a copy of a report on large stockholdings on January 22, 2021 and a report was received that Nomura Asset Management Co., Ltd. and its two corporate joint holders held 9,398,324 of the Company's shares (4.60%) as of January 15, 2021. However, the Company was unable to confirm the actual holdings as of March 31, 2021, and consequently the status of this major shareholder is not included.

3. Corporate Attributes

Listed Stock Market and Market Section	The first section of the Tokyo Stock Exchange The first section of the Nagoya Stock Exchange
Fiscal Year-End	March
Type of Business	Glass & Ceramics Products
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with an Audit & Supervisory Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	13
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Chairman (excluding the case where the person concurrently serves as President)
Number of Directors	11
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Morihiko Otaki	From another company								△			
Kanemaru Yasui	CPA								△			
Mackenzie Donald Clugston	Other											
Miwako Doi	From another company								○			

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Board member
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board members are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2) **Updated**

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Morihiko Otaki	○	Mr. Otaki served as Vice Chairman of the Board of Pasona Inc., but retired as a board member for that company in August 2016. The business relationship between Pasona and the Company includes transactions relating to personnel placement services, but the Company's business with Pasona accounts for an extremely small percentage of Pasona sales (less than 0.1%), and consequently, independence is	Mr. Otaki has extensive experience with global companies and keen insight as a business executive. As an Outside Director, he has overseen business execution by the Company's management team and provides advice to the team. He has been playing a key role in strengthening the Company's corporate governance by actively speaking out at the Company's Board of Directors' Meetings in order to enhance transparency in decision-making. The Company has appointed Mr. Otaki as an Outside Director with the expectation that he will continue to oversee business execution by

		adequately insured.	the Company's management team and provide advice to the team based on the experience and insight described above. In addition, as the criteria for determining independence prescribed by the securities exchange is not being violated, and the Criteria for Election of Independent Officers prescribed by the Company is satisfied, it has been determined that he is able to perform his role of protecting the interests of regular shareholders, and he has been notified as an Independent Officer accordingly.
Kanemaru Yasui	○	Mr. Yasui has an employment background with KPMG AZSA LLC, the Company's auditing firm, and from April 1993 to March 2005 was involved in accounting audits of the Company. However, over fifteen (15) years have passed following his involvement in auditing the Company, and it has been eight (8) years since his retirement from the aforementioned auditing firm. Moreover, that auditing firm conducts accounting audits of the Company from an independent standpoint, as stipulated by law; furthermore, payments by the Company to the auditing firm account for an extremely small percentage of the total remuneration of the auditing firm (approximately 0.1%). In addition, at present there is no business relationship between the Company and Yasui Certified Public Accountant Office, where Mr. Yasui currently serves as Director. For the reasons above, independence is adequately insured.	Mr. Yasui has expert knowledge and experience accumulated over many years as a certified public accountant. As an Outside Director, he has overseen business execution by the Company's management team and provides advice to the team. He has been playing a key role in strengthening the Company's corporate governance by actively speaking out at the Company's Board of Directors' Meetings in order to enhance transparency in decision-making. The Company has appointed Mr. Yasui as an Outside Director with the expectation that he will continue to oversee business execution by the Company's management team and provide advice to the team based on the knowledge and experience described above. In addition, as the criteria for determining independence prescribed by the securities exchange is not being violated, and the Criteria for Election of Independent Officers prescribed by the Company is satisfied, it has been determined that he is able to perform his role of protecting the interests of regular shareholders, and he has been notified as an Independent Officer accordingly.
Mackenzie Donald Clugston	○	-	Mr. Clugston has abundant global experience and a high level of insight about international affairs and trade, accumulated through his career as a diplomat over many years. As an Outside Director, he has overseen business execution by the Company's management team and provided advice to the team. He has been playing a key role in strengthening the Company's corporate governance by actively speaking out at the

			Company's Board of Directors' Meetings in order to enhance transparency in decision-making. The Company has appointed Mr. Clugston as an Outside Director with the expectation that he will continue to oversee business execution by the Company's management team and provide advice to the team based on the experience and insight described above. In addition, as the criteria for determining independence prescribed by the securities exchange is not being violated, and the Criteria for Election of Independent Officers prescribed by the Company is satisfied, it has been determined that he is able to perform his role of protecting the interests of regular shareholders, and he has been notified as an Independent Officer accordingly.
Miwako Doi	○	The Company has a business relationship with Tohoku University, for which Ms. Doi serves as Vice President, primarily in the consigning of research. However, the value of that business is extremely small at around five million yen.	Ms. Doi has abundant experience and an outstanding track record as a researcher in the information and communication fields. She is currently engaged in the research of advanced technology at a research institution and universities. As an Outside Director, she has overseen business execution by the Company's management team and provided advice to the team. She has been playing a key role in strengthening the Company's corporate governance by actively speaking out at the Company's Board of Directors' Meetings in order to enhance transparency in decision-making. The Company has appointed Ms. Doi as an Outside Director with the expectation that she will continue to oversee business execution by the Company's management team and provide advice to the team based on the experience and track record described above. In addition, as the criteria for determining independence prescribed by the securities exchange is not being violated, and the Criteria for Election of Independent Officers prescribed by the Company is satisfied, it has been determined that she is able to perform her role of protecting the interests of regular shareholders, and she has been notified as an Independent Officer accordingly.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition and Attributes of Chairperson **Updated**

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Remuneration Committee
All Committee Members	10	10
Full-time Members	0	0
Inside Directors	3	3
Outside Directors	4	4
Outside Experts	0	0
Other	3	3
Chairperson	Inside Director	Inside Director

Supplementary Explanation **Updated**

To ensure reasonableness and transparency with regard to director nomination and determination of remuneration, a Nomination Committee and a Remuneration Committee were established as advisory bodies to the Board of Directors. Both committees comprise three representative directors, four independent outside directors and three independent outside members of Audit & Supervisory Board.
Based on the Board of Directors' request for opinion, the Nomination Committee deliberates on matters, including proposals on the appointment of directors and Audit & Supervisory Board members to be submitted to the General Meeting of Shareholders, the Company's performance evaluations and, based on such evaluations, evaluation of the management's performance, and then delivers its opinions to the Board of Directors.
Based on the Board of Directors' request for opinions, the Remuneration Committee deliberates on matters related to director remuneration, including the appropriateness of policies, procedures, and systems, as well as the appropriateness of the proposed remuneration for each director, and delivers its opinions to the Board of Directors.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board Members Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Independent Auditors and Internal Audit Departments

The Company strives to enhance the effectiveness of audits through exchanges of information on audit policies, audit plans, the status of audit implementation, revisions to accounting systems, and so on and close collaboration between the independent auditor and Audit & Supervisory Board members by having Audit & Supervisory Board members attend audits conducted by the independent auditor and holding periodic and ad hoc meetings by Audit & Supervisory Board members, independent auditor, and members of the Internal Auditing Office.
Audit & Supervisory Board members and members of the Internal Auditing Office hold periodic and ad hoc meetings to exchange information on audit policies, audit plans, and the status of audit implementation and closely collaborate with one another.
When necessary, Audit & Supervisory Board members attend audits conducted by the Internal Auditing Office and the Internal Auditing Office conducts investigations, makes reports, and so on in accordance with requests from the Audit & Supervisory Board. Both organizations strive to enhance the quality of audits.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members Updated	3
Number of Independent Audit & Supervisory Board Members Updated	3

Outside Audit& Supervisory Board member's Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Fumiko Nagatomi	Lawyer													
Akihiko Minato	From another company										△			
Chiharu Takakura	From another company													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. Audit & Supervisory Board member of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board members
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
k. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board members are mutually appointed (the Audit & Supervisory Board Members himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board member himself/herself only)
m. Others

Outside Audit & Supervisory Board member's Relationship with the Company (2) Updated

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Fumiko Nagatomi	○		Ms.Nagatomi is equipped with expert knowledge and experience accumulated over many years as a lawyer. While appropriately executing the duties of outside Audit & Supervisory Board member, Ms. Nagatomi has been playing a significant role in strengthening the Company's corporate governance by providing adequate suggestions on overall business management as required. As such, the Company has appointed Ms. Nagatomi as an Outside Audit & Supervisory Board Member. In addition, as the criteria for determining independence prescribed by the securities exchange is not being violated, and the Criteria for Election of Independent Officers prescribed by the Company is satisfied it has been determined that she is able to perform her role of protecting the interests of regular shareholders, and she has been notified as an Independent Officer accordingly.
Akihiko Minato	○	Mr. Minato served as Managing Executive Officer at The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently, MUFG Bank, Ltd.), a business partner of the Company. However, he retired in June 2009 and has not been involved in the business execution since his retirement. Also, there is no business relationship between MST Insurance Service Co., Ltd., for which he serves as Chairman, and the Company. For the reasons above, we deem that his independence is sufficiently assured.	Mr. Minato has held important positions at financial institutions and has extensive knowledge on finance as well as abundant experience and broad insight as a corporate manager. While appropriately executing the duties of outside Audit & Supervisory Board member, Mr. Minato has been playing a significant role in strengthening the Company's corporate governance by providing adequate suggestions on overall business management as required. As such, the Company has appointed Mr. Minato as an Outside Audit & Supervisory Board member. In addition, as the criteria for determining independence prescribed by the securities exchange is not being violated, and the Criteria for Election of Independent Officers prescribed by the Company is satisfied it has been determined that he is able to perform his role of protecting the interests of regular shareholders, and he has been notified as an Independent Officer accordingly.

Chiharu Takakura	○		After obtaining her MBA at Georgetown University (U.S.A), Ms. Chiharu Takakura worked as a consultant in organization building and human resources development before taking up successive important positions with several global companies, including international pharmaceuticals companies. As such, she has a wealth of experience and knowledge concerning organizational development and human resources development. The Company has appointed Ms. Takakura as an Outside Audit & Supervisory Board Member in the belief that, based on the above experience and knowledge, she will be able to perform her duties appropriately as an Outside Audit & Supervisory Board Member. In addition, as the criteria for determining independence prescribed by the securities exchange is not being violated, and the Criteria for Election of Independent Officers prescribed by the Company is satisfied it has been determined that she is able to perform her role of protecting the interests of regular shareholders, and she has been notified as an Independent Officer accordingly.

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members **Updated**	7

Matters relating to Independent Directors/Audit & Supervisory Board Members

In addition to the qualifications of outside directors and outside Audit & Supervisory Board members specified in the Companies Act and the criteria on the independence of independent officers specified by financial instrument exchanges, the Company adopted its own Criteria for Election of Independent Officers* set forth below and elects only persons who meet all of those criteria as Independent Officers.

1. Persons who in the preceding three (3) years have not served as a director, Audit & Supervisory Board member, executive, manager, or other employee (including Corporate Officers but excluding outside directors and outside Audit & Supervisory Board members; referred to as “Directors etc.”) of a trading partner with which transactions accounted for 2% or more of the Group consolidated net sales or the trading partner's consolidated net sales in any of the preceding three (3) years.

2. Persons who are not currently principal shareholders of the Group or Directors etc. of a company that is a principal shareholder of the Group (a principal shareholder holds 10% or more of voting rights).

3. Persons who have not been employed by a principal lender of the Group in the preceding three (3) years (a principal lender is a financial institution or other financial creditor that is essential for the procurement of capital by the Group and on which the Group relies to a degree that it is irreplaceable).

4. Persons who are not attorneys, certified public accountants, consultants, or providers of other professional services who currently receive compensation from the Group.

5. Persons who have not received donations of ¥10 million or more from the Group in any of the preceding three (3) years.**

6. Persons who are not directors of companies to which Directors etc. have been seconded by the Group or subsidiaries of such companies.

7. Persons who are not relatives within two (2) degrees of consanguinity of a current or former Director etc. of the Group.

8. Persons who are not likely to give rise to substantive conflicts of interest with the Group on a regular basis.

Notes
*However, in cases where there are grounds for a clear explanation of independence that can be provided to third parties against a backdrop of corporate merger or other unintended circumstances, even in the cases specified above, approval may be given after giving consideration to the opinions of Independent Officers.

**However, even in cases where a donation of ¥10 million or more is made, if the donation was made to a different professor in the same research lab or a different research lab at the same university with which the candidate Independent Officer is affiliated and there are grounds for a clear explanation of the lack of impact resulting from such donation on the independence of determinations by the candidate Independent Officer that can be made to third parties, approval may be given after giving consideration to the opinions of Independent Officers.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

Officer remuneration comprises fixed remuneration paid in cash, bonuses linked to the degree of achievement of the Company's performance over the course of a single year and other factors, and performance-linked, stock-based remuneration that is determined according to rank and the degree of achievement of performance targets set forth in the Medium-Term Management Plan and so on. This structure is intended to raise awareness regarding the contribution to improving corporate performance and maximizing corporate value over the medium- to long-term and is based on a fundamental policy of officers sharing interests with shareholders through ownership of Company shares. However, remuneration for Audit & Supervisory Board members and outside directors comprises only fixed remuneration.

Recipients of Stock Options	-

Supplementary Explanation

-

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation **Updated**

Officer remuneration, etc., for the 121th period (from April 1, 2020 to March 31, 2021) was as indicated below.

Total director (except outside directors) remuneration: ¥522 million
Total Audit & Supervisory Board member
(except outside Audit & Supervisory Board members) remuneration: ¥49 million
Total outside director remuneration: ¥54 million
Total outside Audit & Supervisory Board member remuneration: ¥28 million

*Total remuneration paid to persons receiving total remuneration of ¥100 million or more:
¥125 million paid to Representative Director and Chairman of the Board, Shinichi Odo
¥122 million paid to Representative Director and President, Takeshi Kawai

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods **Updated**

1. Basic Policy
Director remuneration comprises fixed remuneration paid in cash, bonuses linked to the degree of achievement of the Company's performance over the course of a single year and other factors, and performance-linked, stock-based remuneration that is determined according to rank and the degree of achievement of performance targets set forth in the Medium-Term Management Plan and so on. This structure is intended to raise awareness regarding the contribution to improving corporate performance and maximizing corporate value over the medium- to long-term and is based on a fundamental policy of directors sharing interests with shareholders through ownership of Company shares. Remuneration for outside directors, however, comprises only fixed remuneration.
2. Fixed Remuneration
Fixed remuneration is determined through a comprehensive evaluation based on rank and responsibilities, taking into consideration the remuneration levels at other companies, the Company's financial performance, and levels of employee remuneration. Fixed remuneration is paid in cash on a monthly basis.
3. Bonuses
Bonuses are determined based on comprehensive consideration of the standard amount for each position, taking into account quantitative targets for the degree of achievement of Company financial performance such as consolidated sales revenue and consolidated sales revenue operating profit ratio, which reflects the results of sales activities, as well as qualitative evaluations of individual performance. Bonuses are paid at a specified time each year.
Target performance indicators and their values are established to be consistent with the Medium-Term Management Plan and by giving due respect to the report of the Compensation Committee when the plan is formulated. Adjustments are made as appropriate in response to changes in the environment.
4. Performance-Linked Stock-Based Remuneration
Non-monetary remuneration is paid under a performance-linked stock-based remuneration program. This is a system of officer remuneration that is closely linked to the Company's financial performance and is highly transparent and objective. The objective is to raise awareness on the part of directors concerning their contributions to enhancing Company performance over the medium to long term and increasing corporate value.

Under this program, an officer remuneration Board Incentive Plan (BIP) trust is used, and points are awarded according to rank, degree of achievement of the Medium-Term Management Plan, and other factors in accordance with a calculation method specified in the Share Delivery Rules established by the Board of Directors following deliberation with the Remuneration Committee. Following expiration of the subject period of this program, directors will be delivered or granted Company shares or monies equivalent to the conversion value of those shares based on the total number of points awarded.
The indicators for evaluating the degree of achievement and their values are set based on single-year performance targets, medium-term performance targets, and non-financial performance targets to be consistent with the Medium-Term Management Plan and by giving due respect to the report of the Compensation Committee.
5. Remuneration Ratios
The remuneration ratios by remuneration type for directors excluding outside directors are set by the Remuneration Committee after investigating appropriateness based on rank and responsibilities and taking into consideration the composition of remuneration at other companies and other factors. The target ratios for each type of remuneration are 60:25:15 for fixed remuneration, bonuses, and performance-linked stock-based remuneration, respectively (in the case of 100% achievement of key performance indicators (KPI)).
6. Method of Determining Remuneration of Individual Directors
Determination of the specific particulars of remuneration and so on of individual directors is entrusted to the Representative Director Chairman of the Board and President pursuant to a resolution of the Board of Directors. The Representative Director Chairman of the Board and President have the authority to determine remuneration amounts within the maximum amount set by resolution of the General Meeting of Shareholders, taking into consideration the responsibilities and performance of each director under the business environment and the Company's performance. The Board of Directors submits a proposal to the Remuneration Committee and receives a report so that the Representative Director Chairman of the Board and President can appropriately exercise this authority, and the Representative Director Chairman of the Board and President entrusted as described above must make determinations of the specific particulars of remuneration of individual directors in compliance with the details of that report. In the case of performance-linked stock-based remuneration, points granted to individual directors are determined in accordance with the calculation method specified in the Share Delivery Rules established by the Board of Directors.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

(Outside Directors)
With regard to outside directors, the Secretary's Office is responsible for providing support for communication and coordination, etc., with the Company. In addition, when a Board of Directors meeting is held, the directors and executives responsible for the divisions distribute materials to outside directors in advance, and in addition, provide prior explanations on the items on the agenda for the Board of Directors' meeting.

(Outside Audit & Supervisory Board members)
With regard to outside Audit & Supervisory Board members, in accordance with a request from the Audit & Supervisory Board members, one full-time staff member is appointed in order to support the operations of the board, and said staff member is responsible for providing support for communication and coordination, etc., with the Company.
Directors and executives responsible for divisions make important decision-related documents available to outside Audit & Supervisory Board members as necessary and appropriately report on the status of business and assets as well as matters requested by outside Audit & Supervisory Board members. Furthermore, Directors and executives responsible for divisions adopt resolutions to disclose important matters at Board of Directors meetings and other committee meetings that outside Audit & Supervisory Board members attend and explain the status of operations of those committees as necessary.

[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
-	-	-	-	-	-

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)	0

Others

The Company has a system for advisory positions (sodanyaku, komon, etc.), but currently, no advisory positions are filled.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

The Board of Directors comprises eleven members (of which four are outside directors), which in principle meets regularly once every month and holds ad hoc meetings when necessary. The Board of Directors deliberates and makes decisions on matters specified in laws and regulations and other important management issues, receives reports from each member and supervises the status of business execution. Several independent outside directors are appointed in order to strengthen the supervisory functions of the Board of Directors and secure transparency of management.

As advisory bodies to the Board of Directors, the Nomination Committee and the Remuneration Committee have been established, in which a majority of the members are independent outside directors and outside Audit & Supervisory Board members, to ensure reasonableness and transparency with regard to director nomination and determination of remuneration. Both committees each deliberate on the appropriateness of policies, procedures and systems in relation to nomination and remuneration of directors, as well as on the appropriateness of nomination of each director candidate and remuneration of each director, and deliver their

respective opinions to the Board of Directors.

The Audit & Supervisory Board comprises four members (of which three are outside members) and, as an independent body with a mandate from the shareholders, audits the execution of duties by the directors. Standing members of the Audit & Supervisory Board perform auditing from the perspective based on their business experience at the Company, while outside members perform auditing from a neutral perspective leveraging their expertise, through which the Company seeks to secure the soundness of management. In accordance with a request from the Audit & Supervisory Board members, one staff member is appointed to support the operations of the board. Of the four Audit & Supervisory Board members, Mr. Yasuhiko Hotta, standing Audit & Supervisory Board member, has many years of experience working in the Company's Accounting and Finance Department. Mr. Akihiko Minato, outside Audit & Supervisory Board member, has considerable knowledge of finance and accounting from his extensive career in the financial industry.

KPMG AZSA LLC has been appointed as an independent auditor. Neither KPMG AZSA LLC nor any of its executive members has any special interests in the Company. Further, KPMG AZSA LLC is voluntarily taking measures to ensure that involvement by any executive member does not exceed a certain period.

The Company strives to enhance the effectiveness of audits also through collaboration among the Audit & Supervisory Board members, the independent auditor and members of internal audit departments, by means of Audit & Supervisory Board members' attendance in audits conducted by the independent auditor as well as periodic and ad hoc meetings by the three parties in order to exchange information on such matters as audit policies, audit plans, the status of audit implementation and revisions to accounting systems, in order to promote close collaboration.

The Company adopts the Corporate Officer framework, the objective of which is to expedite execution of business operations based on policies determined by the Board of Directors and clarify responsibilities for the results. The twenty-six corporate officers (of which six also serve as directors) are elected by the Board of Directors, and meet monthly at Corporate Officers and Company Presidents Meeting to report on the status of business execution for cross-divisional sharing and exchange of information. Directors who are not corporate officers may also attend Corporate Officers and Company Presidents Meeting as needed, to provide supervision and advice on business execution. The Corporate Management Committee is composed mainly of representative directors, executive directors and certain executive officers. The Committee deliberates on important matters to be presented to the Board of Directors, and also discusses such matters as management issues to be addressed and risks for the Company, ascertains on these matters in advance, and establishes systems for responding promptly to changes in the business environment.

Each business execution section plans an annual budget under the direction of corporate officers in line with the medium-term management plan formulated by the Board of Directors, creates an action plan and manages operations to achieve the goals. In addition, the Company adopts an internal company system as the business execution system. In this system, an internal company is established for each organization such as business domain, business support domain and corporate domain, and certain authority regarding business execution is delegated to clarify authority and responsibility, and to make flexible decisions and visualize profitability.

Guided by our corporate philosophy, we strive to promote CSR and sustainability awareness throughout our organization by establishing a "CSR and Sustainability Charter" to express the Company's commitment to contributing to the realization of a sustainable society. We have also developed a company-wide cross-divisional structure by creating CSR and a Sustainability Committee, comprising primarily members of the Board of Directors and the Audit & Supervisory Board, under which specialized committees with internal control functions are established, including Risk Management Committee and Compliance Committee.

3. Reasons for Adoption of Current Corporate Governance System Updated

The Company's slogan is "With established trust and confidence inside and outside the company, we aim to contribute to the peoples of the world by creating and putting at their disposal new value for the future." Based on their understanding of the Company with this slogan, directors strive to carry out corporate governance while acting as checks on each other. The four members of the Audit & Supervisory Board including the three outside members also perform this role and seek to adequately perform governance functions for the Company by providing timely and appropriate opinions and indications. Four of the eleven Company directors are independent outside directors. The objectives of appointing multiple, independent outside directors are to introduce outside perspectives with diverse, specialized knowledge and experience to the Board of Directors, reinforce supervisory functions, and enhance corporate governance systems even further.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights Updated

	Supplementary Explanations
Early Notification of General Shareholder Meeting	With regard to the Ordinary General Meeting of Shareholders held in June 2021, the Notice of Convocation of Ordinary General Meeting of Shareholders was issued one week prior to the statutory deadline, and in addition, was posted on the Tokyo Stock Exchange website and the Company's website five business days prior to said issuance date.
Scheduling AGMs Avoiding the Peak Day	The date for the Ordinary General Meeting of Shareholders held in June 2021 was set to two business days prior to the peak day.
Allowing Electronic Exercise of Voting Rights	Electronic exercise of voting rights was made possible as of the ordinary general meeting of shareholders held in June 2014.
Participation in Electronic Voting Platform	Starting with the Ordinary General Meeting of Shareholders held in June 2016, an electronic voting platform is being used.
Providing Convocation Notice in English	Summaries of notices of convocation and reference documents are translated into English and posted on the Tokyo Stock Exchange website and the Company's website.
Other	To make notices of convocation easy to read, they are printed in a large typeface and a universal design font is used.

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	https://www.ngkntk.co.jp/english/ir/management/disclosure_policy.html
Regular Investor Briefings for Individual Investors	A total of 2 briefings in various regions of the country were held from April 1, 2020 to March 31, 2021.
Regular Investor Briefings for Analysts and Institutional Investors	Briefings for analysts and institutional investors are conducted twice annually (following the second-quarter and fourth-quarter financial settlements).
Regular Investor Briefings for Overseas Investors	We visit overseas investors every year to give explanations, but due to the spread of COVID-19 infection, we conducted remote meetings in Fiscal 2020.
Posting of IR Materials on Website	The Company posts financial information, financial reports, news releases, information on the corporate philosophy, and other information regarding the status of Company undertakings on the following website. https://www.ngkntk.co.jp/english/index.html
Other	Financial Strategy Office serves as the contact for investor relations.

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company's position is set forth in the Corporate Code of Conduct.
Implementation of Environmental Activities, CSR Activities etc.	The Company issued a report titled "Environmental and Social Report" in 2000 to report on the Company's environmental initiatives as well as its corporate social programs. Since then, the Company has issued the reports (titled "Integrated Report" and "Sustainability Data Book") annually to provide information on these initiatives and programs. In addition, the details of our activities are posted on our website. https://www.ngkntk.co.jp/english/csr/

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

To realize the corporate philosophy under the slogan of "With established trust and confidence inside and outside the company, we aim to contribute to the peoples of the world by creating and putting at their disposal new values for the future," we have established a basic policy for the system to ensure the appropriateness of business operations of the corporate group consisting of the Company and its subsidiaries, as detailed below:

1. System to ensure that the directors execute their duties in compliance with relevant laws and regulations and the articles of incorporation

(1) The directors will set an example by their own behavior based on the Corporate Code of Conduct and the CSR Basic Policy including the Compliance Policy to establish corporate governance.

(2) The directors will organize board of directors meeting regularly and on an as-needed basis and set up cross-divisional conference bodies such as a Corporate Management Committee and relevant committees to make decisions on and supervise the issues specified in relevant laws and regulations and the articles of incorporation.

(3) Multiple outside directors are appointed to enhance the functions of the board of directors to supervise the execution of business operations and to ensure the transparency of decision-making.

2. System to retain and manage information on the execution of duties by the directors

(1) With respect to information on the execution of their duties, the directors shall retain and manage the minutes of board of directors meeting and other important meetings, as well as records of decision-making, properly in accordance with internal rules and regulations.

And the directors and Audit & Supervisory Board members shall have access to such information at any time.

3. Rules and systems on the management of the risk of loss

(1) To manage the risks associated with our business, the directors have established Risk Management Rules, work to prevent the occurrence of loss by periodically assessing risks that are present under normal circumstances, and monitor the implementation status of response plans. If the risk of loss becomes real, cross-divisional measures will be immediately taken to minimize losses and control the situation at the earliest possible time, also taking countermeasures to prevent any recurrence of the crisis that has been resolved. In addition, the directors regularly monitor the development and operation of the risk management system at the Risk Management Committee. Furthermore, the Company implemented a disaster recovery policy that clarifies initial activity to be taken by employees in case of major accidents, large-scale earthquakes, and/or other natural disasters. In addition to such quick post-disaster business recovery plan, we will continue to improve the crisis management system.

4. System to ensure that the directors execute their duties in an efficient manner

(1) Based on the resolution, the board of directors will appoint corporate officers to oversee and perform company operations. In addition, NGK SPARK PLUG specifies the delegation of roles and duties for the corporate officers and employees in the corporate officer delegation of authority rules and division of duties rules respectively.
The board of directors will set corporate targets through the development of medium-term business plans, and improve management efficiency by using a budget system.

(2) Board of directors meeting will be held regularly once a month in principle as well as on an as-needed basis. Active discussions will be also carried out in Corporate Management Committee (which is held regularly every month) and cross-divisional conference bodies such as a Corporate Management Committee and relevant committees, in order to promptly understand the situation and respond to changes in the environment.

5. System to ensure that employees conduct business operations in compliance with relevant laws and regulations and the articles of incorporation

(1) The directors will develop a promotion system to enhance compliance with laws, international rules, social norms, relevant internal rules and regulations, etc. (hereinafter referred to as the "Laws, etc."), as well as awareness of ethics, among all employees in the NGK SPARK PLUG Group, and will strive to disseminate the Corporate Code of Conduct and the CSR Basic Policy including the Compliance Policy through the distribution of guidelines, internal training and other means.

(2) To ensure that business operations are promoted properly in accordance with the CSR Basic Policy, the directors will monitor and give guidance on the preventive activities and the remedial measures against compliance violations by the compliance committee chaired by the representative director through the CSR and Sustainability Committee.

In case that any violation of the Laws, etc., is detected, measures will be taken for correction and prevention of recurrence, and disciplinary actions will be taken in accordance with the relevant internal rules and regulations

(3) The directors will establish a corporate ethics helpline as an internal reporting system with internal and external contacts, which receives information on any act that violates or may violate the Laws, etc., as well as information on any risk, threat and concern to the reporting officers & employees, to identify such acts, etc., quickly, prevent scandals and/or ensure the transparency of business operations. The users of the helpline will not be treated unfairly on the grounds of the reporting or consultation.

6. System to ensure the appropriateness of business operations of the corporate group consisting of the Company and its subsidiaries

(1) The directors will specify the policy and organization to manage Group companies in internal rules and regulations, and instruct and manage them so that all Group companies are operated in a proper and smooth manner based on the policy of NGK SPARK PLUG and relevant laws, while striving to develop and operate related systems in an integrated way. The rules also specify that the officers in charge shall report any important matter concerning Group companies to the board of directors.

(2) The directors will work to establish a system for efficient collaboration with subsidiaries through the promotion of information and personnel exchange, such as the organization of relevant conference bodies and committees composed of members of the Group.

In addition, NGK SPARK PLUG will dispatch personnel to subsidiaries as their auditors and perform internal audit by internal audit departments to remediate issues as the need arises.

The corporate ethics helpline shall be available to the officers and employees of subsidiaries as well.

7. Matters related to ensuring the practicability of instruction to employees when Audit & Supervisory Board members request appointment of the employees to support their duties

(1) Based on the request of Audit & Supervisory Board members, the directors will appoint dedicated employees to support the duties of the auditors.

(2) The directors will secure the independence of the command and control of the employees specified in the preceding paragraph from directors, corporate officers and employees, and gain the consent of the Audit & Supervisory Board members prior to any transfer, assessment, etc., of the employees.

8. System for the directors, employees, etc., of the Company and its subsidiaries to report to Audit & Supervisory Board members

(1) The directors, corporate officers and employees will give Audit & Supervisory Board members access to records of decision-making for inspection, and appropriately report the status of business operations and assets, as well as issues required by auditors to report. The directors, auditors, corporate officers and employees of subsidiaries, along with those who have received a report from them, shall similarly report as required by the auditors in a proper manner. In addition, the board of directors and relevant committees will disclose important matters and make decisions on them in the meetings attended by auditors, and explain the operation situation of the committees when necessary.

(2)No person will be treated unfairly on the grounds of reporting to Audit & Supervisory Board members.

9. Other systems to ensure that Audit & Supervisory Board members can conduct audits in an effective manner

(1)The directors recognize the importance and usefulness of audits conducted by Audit Supervisory Board members and will ensure opportunities for Audit & Supervisory Board members to exchange information with directors, internal audit departments and independent auditors.
(2)The cost needed for Audit & Supervisory Board members to fulfill their duties will be borne by the company upon request of the Audit & Supervisory Board members.

2. Basic Views on Eliminating Anti-Social Forces

The Company responds firmly to anti-social forces and organizations that threaten the order and safety of civil society. The Company works to remain in close cooperation with the police and other outside specialized organizations, seeks guidance regarding responses to anti-social forces, and has established mechanisms for eliminating anti-social forces such as distributing within the company collections of examples of responses to anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

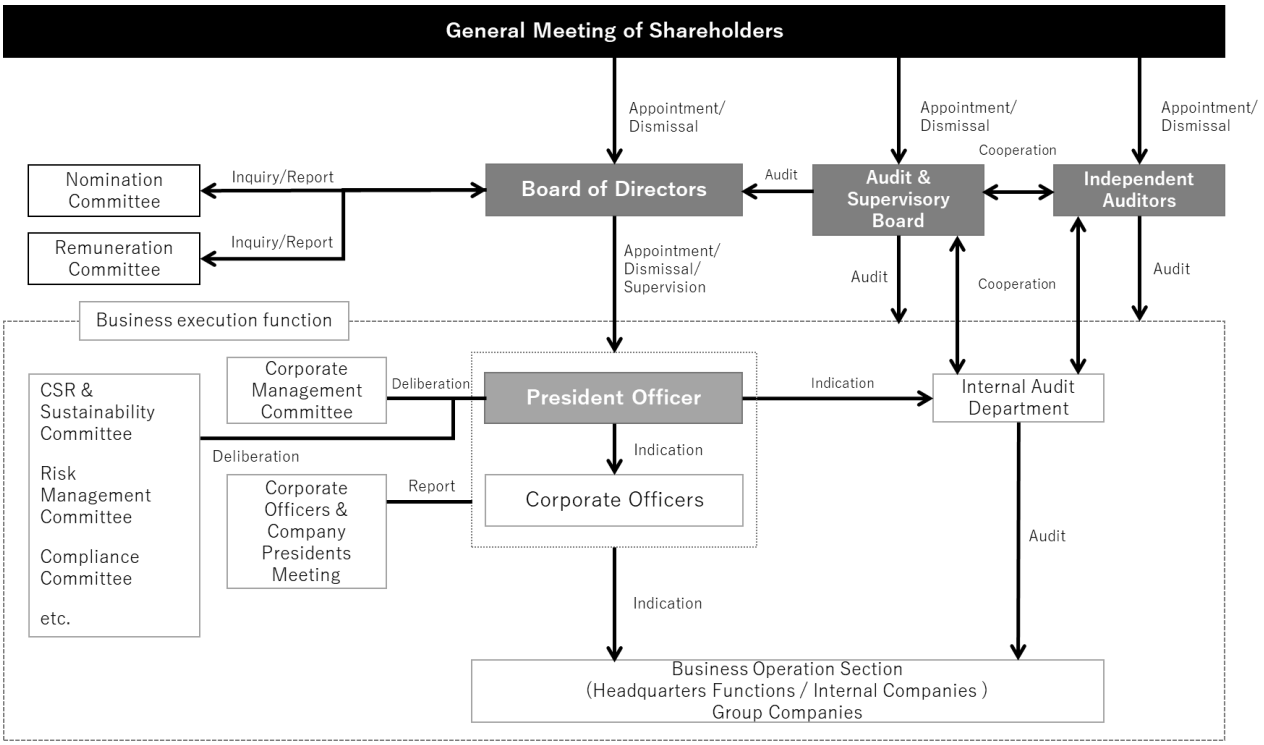
Supplementary Explanation

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2. Other Matters Concerning to Corporate Governance System Updated

[Overview of system for timely disclosure]
We are fully cognizant that the timely and appropriate provision of company information to investors is the foundation of a sound securities market, and we strive to enhance information management and internal control functions by taking measures such as defining the disclosure periods and persons responsible for disclosure in our Internal Information Management Rules so that we can make prompt, accurate, and fair disclosures.
In principle, we promptly disclose matters to be disclosed after decision or occurrence. A representative director makes a determination concerning the timing and method of disclosure and disclosure is performed by a representative director or the officer responsible for Business Management appointed by the representative director. In cases where other officers or employees make announcements, they are entrusted to do so in advance by the representative director and the officer responsible for Business Management.

[System Diagram of Corporate Governance]



[System Diagram of Timely Disclosure]

