Corporate Governance Report

Last Update: June 25, 2024
Niterra Co., Ltd.
President & COO Takeshi Kawai
Contact: Business Management Department,
Global Strategy Division
Securities Code: 5334
https://www.ngkntk.co.jp/english/

The corporate governance of Niterra 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] **Updated**

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

[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.

[Supplementary Principle 2-4-1: Ensuring diversity in recruitment of core personnel, etc.]
The Group positions diversity, equity and inclusion as one of its most important management strategies, recognizing that support for employees with diverse qualities to fully realize their own capabilities will lead to the sustainable growth of the Group and ensure the well-being of all its employees. In the area of "Global Human Resource Management," which constitutes one of the priority issues (materialities), the Group has identified "promotion of women, foreign nationals, and mid-career recruits" to be the main action item, and aims to bring the ratio of women, foreign nationals, and mid-career recruits in managerial positions to 25% or higher of the total management in the fiscal year ending March 31, 2030, by incorporating diversity into management personnel, in order to have diverse values reflected in business management, respond to the rapidly changing market environment, and achieve medium- to long-term growth of the Group. The implementation status will be disclosed on the Company's website, the Annual Securities Report and Integrated Report every year.

Status of our efforts regarding women, foreign nationals, and mid-career recruits, policy regarding human resources development, internal environment development, and other matters to ensure diversity are presented on the Company's website.

Diversity, Equity & Inclusion
https://ngkntk.disclosure.site/en/themes/197/

Sustainability Data Book
https://ngkntk.disclosure.site/en/themes/187/

The Group's basic policy to diversity, equity and inclusion is to create a workplace in which diverse human resources can work enthusiastically, regardless of their gender, sexual orientation, age, disabilities, nationality, lifestyle, or personality, and to utilize new values and ideas that are created from this workplace. Based on this policy, we will continue to implement each measure.

[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 the human resource 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 Management Meeting.

[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/management_plan.html

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
Remuneration of directors (excluding directors who are Audit and Supervisory Committee members and outside directors) and corporate officers 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 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.
Remuneration of directors who are Audit and Supervisory Committee members and outside directors comprises only fixed remuneration.

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

4. Board Policies and Procedures in the Appointment and Dismissal of the Senior Management and the Nomination of Director 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, work experience, age, and other aspects. In addition, the majority of the Board of Directors are independent outside directors to hold discussions from various perspectives and ensure transparency and objectivity of decision-making at the Board of Directors.
For the nomination of director candidates, the Nomination Committee, in which a majority of the members are independent outside directors, is established as an advisory body to the Board of Directors. To ensure reasonableness and transparency and conduct efficient and fulfilling discussion regarding nomination of director candidates, 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 directors who are Audit and Supervisory Committee members, candidates shall be individuals possessing expertise and insights required for conducting audits and supervision, 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 directors who are Audit and Supervisory Committee member candidates is made by resolution of the Board of Directors following deliberation by the Nomination Committee and with the consent of the Audit and Supervisory Committee, 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 director candidates 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 3-1-3: Sustainability efforts, etc.]
1. Sustainability efforts
The Group's policy and implementation status of its sustainability efforts are disclosed on the Company's website, in the Integrated Report, etc. Regarding the priority issues (materialities) for each area of ESG, specific measures for achieving the targets are presented in the Long-term Management Plan and in the Medium-term Management Plan.

Sustainability efforts
https://ngkntk.disclosure.site/en/

Integrated Report
https://www.ngkntk.co.jp/english/ir/library/integration_report.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/management_plan.html

2. Investment in human capital, etc.
To achieve business portfolio transformation and realize sustained growth, the Group upholds "Change with Will!!" as the guiding principle in its Long-term Management Plan, based on which the Group will swiftly carry out reforms to transform its organizations and business structure, and evolve into a company that, working with its diverse and committed human resources, can coexist with the world and society.
To achieve the Long-term Management Plan, the following priority measures are implemented that are in line with the basic policy for human resources strategy set out in the Medium-term Management Plan, which is to foster a proactive culture that will serve as the groundwork in creating new values for reform, to cultivate self-disciplined, creative people who fulfill their role and responsibility with a will without being bound by the status quo, to promote assignment of the right people to the right positions for optimal human resources allocation, and to put in place evaluation and remuneration systems to reward achievements and challenges regardless of background.

(1) Skills mapping
- We have in place a skills map as an initiative to develop self-disciplined creative human resources. By visualizing the skills that current employees possess, a Group-wide skills map has been created around the two axes of core skills, which are the fundamental skills required of self-disciplined creative human resources, and technical skills that are required in the business domains on which the Group focuses based on its core competencies. We identify the gap between the current state of employees' skills and the desired skills, and are working to build an environment in which employees themselves can improve their own

skills, including development of training programs to nurture individual skills. Once the gaps with "To Be" become clear, we implement measures from the two approaches of "short-term measures (bringing in outside talents, collaboration with external organizations)" and "long-term measures (human resources development, etc.)."

(2) Development of the next management team

- We are implementing "Management Sparring Dojo," which is the Company's unique management development program for the management team, whose objective is to cultivate competencies and viewpoints that would be required of people who would have management responsibilities as members of the next management team (next Corporate Management Committee members). The purpose of "Management Sparring Dojo" is not simply to cultivate the attitude and thinking required of the next management team, but also to help participants acquire knowledge that a business manager should possess (on subjects including ESG, science, and geopolitics).

(3) Succession planning for important positions

- For the key positions within the Group (mainly deputy section heads and above of the Company and domestic Group companies, and presidents of overseas Group companies), we are developing succession plans for the purpose of making clear whether we as an organization have sufficient successor candidates available for the stable operation and sustainable growth of each organization and ultimately of the whole Group. In the succession plans, successor candidates for the key positions are identified for each of the three timelines of short term (below one year), medium term (one to three years ahead), and long term (five years later).

(4) Increasing employee engagement

- We are working on improving employee engagement, which we recognize to be an important issue. Engagement surveys are conducted to gauge how the various initiatives contribute to raising employee motivation and visualizing organizational issues for implementing improvement measures. The results are fed back to officers and department heads, to encourage workplaces take the initiative in examining issues and implement concrete workplace-specific improvement activities.
- From fiscal 2022, the engagement indicator is adopted as one of the indicators used in the calculation of bonuses for officers with the aim of accelerating efforts to improve employee engagement.

(5) Promoting development of human resources to drive digital transformation

- We are actively pushing forward with development of human resources to drive digital transformation and realize the transformation of business portfolio as set forth in the Long-term Management Plan.
- In fiscal 2022, we organized an education program on the basics of digital transformation (to promote understanding of the basic knowledge required for digital transformation) for all 7,516 employees of the Company and its domestic Group companies, from the viewpoint of improving their digital literacy.
- Through the DX intermediate level education (training of no-code tool developers, etc.) that was started in fiscal 2023, we have built an education system that can produce more than 100 people every year as digital human capital who would lead efforts to improve business operations through digitization.

In addition to the foregoing, we continue to work on promoting work-style reform through use of remote working, digital tools, and other means to provide an environment for diverse working styles aimed at improving employee productivity, and on promoting diversity, equity and inclusion, which form the basis for employees with diverse qualities to create new values.

Further details on the Group's efforts in human resources investment, etc., along with related data, are disclosed on the Company's website and in the Sustainability Data Book.

Global Human Resource Management
https://ngkntk.disclosure.site/en/themes/176/

Sustainability Data Book
https://ngkntk.disclosure.site/en/themes/187/

3. Investment in intellectual property, etc.
Intellectual property, which is the fruit of R&D, is one of the Group's important management resources. The Group acquires and manages appropriately its intellectual property rights, which contribute to protection and growth of its business, and uses them effectively. Further, in consideration of the global expansion of its products, the Group has been active globally in acquiring intellectual property rights that are the fruit of its R&D activities with high technological value. At the same time, the Group respects and makes every effort not to infringe on the intellectual property rights of other parties.
Based on these policies, we have formulated and are working on the following measures, for implementation during the current Medium-term Management Plan period, which are conducive to the achievement of the Long-term Management Plan.
(1) Protect new technologies and inventions from the development stage to the mass-production stage, and create intellectual property.
(2) Efficient search patents utilizing AI, and deploy high-value-added patent information within the Company.
(3) Negotiate and manage complex contract clauses regarding intellectual property based on legal knowledge.
(4) Protect the Group's brands, detect and eliminate counterfeit goods in coordination with customs offices and government agencies of countries around the world.
(5) Develop regulations and management rules that comply with laws and regulations of individual countries.
(6) Develop operational environment for the promotion of efficient intellectual property strategy, such as response to DX and implementation of working styles that meet the needs of the times.
(7) Organize intellectual property strategy study meetings to discuss and develop intellectual property activities necessary to achieve business strategies.

Information on the Group's R&D expenses, the number of newly published patent applications, and the situation of R&D activities in the most recent fiscal year is presented in the Integrated Report and the Annual Securities Report.

Integrated Report
https://www.ngkntk.co.jp/english/ir/library/integration_report.html

Annual Securities Report
https://www.ngkntk.co.jp/english/ir/library/securities.html

4. Information disclosure based on TCFD recommendations
In July 2020, the Group announced its support to the TCFD (Task Force on Climate-related Financial Disclosures) recommendations, in line with which material information relating to climate change is disclosed on the Company's website.

Information Disclosure Based on TCFD Recommendations
https://ngkntk.disclosure.site/en/themes/168/

[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 officers, 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 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" under "1. Organizational Composition and Operation [Independent Directors]" 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 4-10-1: Authority and Duty, etc. of Nominating Committee and Compensation Committee]
The Company has established a Nominating Committee and a Compensation Committee as advisory bodies to the Board of Directors. Authority and duty of both Committees are set forth in this report "1. Organizational Composition and Operation [Voluntary Establishment of Nomination Committee or Remuneration Committee]" in "Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management".

[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, nationality, work experience, and age, to achieve a good balance according to the business environment at a given time.
In addition, by making up the majority of the Board of Directors with outside directors who have experience and specialized knowledge gained under environments that differ from the Company, the Board can strengthen its supervisory function and engage in deliberations from various perspectives in an effort to ensure transparency and objectivity in decision making.
Director candidates are not excluded from consideration on the basis of their race, ethnicity, nationality, country of birth, cultural background, etc.
The Skills Matrix of the Board of Directors is are disclosed on the Company's website.

Corporate Governance
https://ngkntk.disclosure.site/en/themes/182/

[Supplementary Principal 4-11-2: Concurrent Assignments of Directors]
Information regarding the status of concurrent assignments of outside directors is set forth in this report under "1.Organizational Composition and Operation [Directors]" 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 other than outside directors 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 a questionnaire survey of Directors with evaluation items on the composition and operation of the Board of Directors, review of management strategies, etc., the status of supervision of the execution of business, and other topics relating to fiscal year 2023. Based on the survey results and other data, we evaluated the effectiveness of the Board of Directors. As a result, we confirmed that the Company's Board of Directors is sufficiently effective and that effective measures are implemented with respect to the following matters in particular

- The roles and functions of the Board of Directors and the management team responsible for business execution are clearly defined, and the Board of Directors composition is appropriate in terms of knowledge, capabilities, experience, and diversity of background necessary to perform its roles and functions.
- The Board of Directors recognizes that addressing sustainability issues, including consideration for global environmental issues such as climate change and respect for human rights, is important from the perspective of increasing corporate value over the medium to long term, and has confirmed that the management is proactively engaged in responding to the issues under an appropriate system.

- The Board of Directors has established appropriate internal controls and risk management structure to ensure proper compliance and support risk-taking, and supervises the status of operations through the Internal Audit Department, the Sustainability Committee, and the committees that are established under the Sustainability Committee.
- To ensure that appointment and dismissal of the management team members are conducted appropriately, the Nomination Committee appropriately evaluates whether execution of duties by the management team is performed from the perspectives of sustainable growth and corporate value.
- The Board of Directors implements appropriate improvement measures regarding the key issues identified through evaluation of the effectiveness of the Board of Directors, and strives to enhance its effectiveness.

Among the issues identified in the fiscal 2022 evaluation of the effectiveness, the issue of "improving information provision and content of explanations relating to discussions by the Board of Directors on medium- to long-term management strategies" was addressed by holding multiple discussions at the Board meetings, from the consideration stage up to the final decision, when deliberating on important matters that affect medium- to long-term strategies, in order to ensure provision of sufficient information and secure sufficient deliberation time. As a new initiative, the Company organized offsite meetings for the Board to discuss medium- to long-term strategies and other issues. It also continued to take ongoing action to provide prior explanations to outside directors on important agenda items of the Board of Directors meetings as well as progress reports on the Medium-Term Management Plan. One area that was identified as requiring further improvement was briefing materials and their content for the Board of Directors meetings in order to enhance the content of deliberations and improve the efficiency of Board operations. With respect to "strengthening of supervision by the Board of Directors and the Nomination Committee on the management team's succession plans," the Company provided outside directors who are members of the Nomination Committee with opportunities to participate as observers in managerial human resources development programs and be involved in the review process for promotion of executive/corporate officers, so that they can check the development status of managerial human resources. One issue raised was the need for opportunities to periodically report and discuss the overall picture of and progress in succession planning.
Based on the results of the current effectiveness evaluation, items that are identified as being desirable for further improvement of the effectiveness of the Board of Directors include, in addition to the issues mentioned above, deeper discussions concerning investment in and strategies on human capital. Going forward, the Company will continue to maintain and enhance the effectiveness of the Board of Directors by addressing these issues.

[Principle 5-1: Policy for Constructive Dialogue with Shareholders]
1. Policy
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 department in charge of financial strategy and investor relations work with other related organizations such as the departments in charge of corporate strategy, accounting & finance and legal affairs and business departments to support dialogue by management with shareholders under the direction of the officer responsible for the department in charge of financial strategy and investor relations.
(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. Status of dialogue with shareholders and investors
Regular full-year and interim financial results briefings, as well as other briefings such as on businesses, specific themes, and ESG, are led by the president and other senior members of management according to the themes of the dialogue.

• Activities during fiscal 2023 (from April 1, 2023, to March 31, 2024)
Financial results briefings for institutional investors and securities analysts: twice
Financial results conference calls with institutional investors and analysts: 4 times
Briefings on businesses and specific themes for institutional investors and securities analysts: once
ESG briefings: once
Online briefings for individual investors: twice
Dissemination of information on the Company and on financial results to individual investors using social media: 5 times
Individual meetings with institutional investors and securities analysts: 279 times*

* Details of individual meetings
[Breakdown by stakeholder and other outside participant (total: 279times)]
Securities analysts: 63 times,
Domestic institutional investors: 129 times
Overseas institutional investors: 87 times
[Breakdown by attendee from the Company side (total for each of the main attendees) (total: 279 times)]
President: 43 times
Corporate officer (other than the president): 12 times
Sustainability department: once
IR department: 223 times

[Action to implement management that is conscious of cost of capital and stock price]
The Company has indicated in its management plan the aim to generate revenue exceeding cost of shareholders' equity. As one of the KPIs set forth in the Medium-term Management Plan that started in April 2021, the Company is aiming to achieve an ROE of 13% in the fiscal year ending March 31, 2025. Meanwhile, ROIC management is also being pursued. To fully set in place improvement of investment efficiency in the operation of each in-house company, we have established KPIs for each company incorporating the priority measures, to achieve an ROIC target of 10% for all companies. Specific measures are described in the Integrated Report and Medium-term Management Plan or Financial Results Briefings Material posted on the Company's website.

Integrated Report
https://www.ngkntk.co.jp/english/ir/library/integration_report.html

Medium-term Management Plan
https://www.ngkntk.co.jp/english/ir/management/management_plan.html

Financial Results Briefings Material (fiscal year ended March 31, 2024) from page 21
https://contents.xj-storage.jp/xcontents/AS06537/e27230d6/7fb5/4a71/8280/2cfe8b556130/20240507091745868s.pdf

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%

[Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	27,805,100	13.83
Meiji Yasuda Life Insurance Company	16,794,569	8.35
The Dai-ichi Life Insurance Company, Limited	16,752,850	8.33
Custody Bank of Japan, Ltd.(Trust Account)	11,526,400	5.73
National Mutual Insurance Federation of Agricultural Cooperatives	4,859,100	2.41
JP MORGAN CHASE BANK 385632	3,936,352	1.95
Nippon Life Insurance Company	3,563,938	1.77
JP Morgan Securities Japan Co., Ltd.	3,250,853	1.61
TOTO LTD.	3,095,163	1.54
NTK Business Partners Shareholding Association	2,755,451	1.37

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

Supplementary Explanation Updated

1. The status of major shareholders is based on the register of shareholders as of March 31, 2024.
2. The percentage is calculated after deducting treasury stock (3,200,722 shares).

3. Corporate Attributes

Listed Stock Market and Market Section	Prime Market of the Tokyo Stock Exchange Premier Market 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 Audit and Supervisory Committee

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	18
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	7
Number of Independent Directors	7

Outside Directors' Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Miwako Doi	From another company								○			
Chiharu Takakura	From another company											
Takayoshi Mimura	From another company											
Hisanori Makaya	From another company								○			
Fumiko Nagatomi	Lawyer											
Christina L. Ahmadjian	Scholar											
Hideyo Uchiyama	CPA								△			

* 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	Audit and Supervisory Committee Member	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
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 seven million yen per year. For the reasons above, independence is adequately insured.	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. Based on her experience and insight, she has overseen business execution by the Company's management team and provided advice to the team as an Outside Director. 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 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 she is able to perform his role of protecting the interests of

				regular shareholders, and she has been notified as an Independent Officer accordingly.
Chiharu Takakura		○	-	After obtaining her MBA at Georgetown University (U.S.A), Ms. 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 considerable insight concerning organizational development and human resources development. Based on her experience and insight, she has overseen business execution by the Company's management team and provided advice to the team as an Outside Director. 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. Takakura 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 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 she is able to perform his role of protecting the interests of regular shareholders, and she has been notified as an Independent Officer accordingly.
Takayoshi Mimura		○	-	Mr. Mimura has been engaged in corporate management from the viewpoint of business execution and supervision over many years, including successively holding positions as an officer responsible for the business operation and Chairman of the Board in operating companies. As such, he has great insight into business management and corporate governance. In addition, he has been involved in the medical device business and development of overseas

				markets for many years, and has a wealth of experience concerning the medical device sector and global business. At the Company, based on his experience and insight, he has overseen business execution by the Company's management team and provided advice to the team as an Outside Director. He also 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. Mimura 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.
Hisanori Makaya		○	Mr. Hisanori Makaya serves as Chairman of the Board of Directors of FUJIFILM Business Innovation Corp. The Company has a business relationship with FUJIFILM Business Innovation Corp. and its subsidiaries, primarily involving multifunction devices and software. However, in both transactions, the value is extremely small at less than 0.1% of each company's net sales. For this reason, we deem that Mr. Makaya's independence is sufficiently assured.	Mr. Makaya successively held important positions at corporate planning and business divisions of operating companies. He was engaged in business transformation and M&A over many years and led system development to respond to changes in business environment as President and CEO, Representative Director. As such, he has extensive experience and considerable insight concerning group management and global business operation. Given the foregoing, the Company has appointed Mr. Makaya as an Outside Director with the expectation that, after his appointment, he will be able 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.
Fumiko Nagatomi	○	○	-	Ms. Fumiko Nagatomi has expert knowledge and experience accumulated over many years as a lawyer. As an Outside Director who is an Audit and Supervisory Committee Member, she has been engaged in audit and supervision of the Company's overall management using her expert knowledge. Ms. Nagatomi has been playing a key role in strengthening the Company's corporate governance by providing advice appropriately on overall management. Given the foregoing, the Company has appointed Ms. Nagatomi as an Outside Director who is an Audit and Supervisory Committee Member, with the expectation that she will continue to serve in supervisory and auditing functions for the Company's overall management based on the knowledge and experience as 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.
Christina L. Ahmadjian	○	○	-	Ms. Christina L. Ahmadjian has extensive experience and deep insight as a researcher of corporate management, corporate governance, and organizational culture. She has been involved in management as an Outside Director in many companies. As an Outside Director who is an Audit and Supervisory Committee Member, she has also been playing a key role in strengthening the Company's corporate governance, having engaged in audit and supervision of the Company's overall management based on her insight and experience as described above and providing pertinent advice

				appropriately on overall management. Given the foregoing, the Company has appointed Ms. Ahmadjian as an Outside Director who is an Audit and Supervisory Committee Member, with the expectation that she will continue to serve in supervisory and auditing functions for the Company's overall management based on the knowledge and experience as 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.
Hideyo Uchiyama	○	○	Mr. Uchiyama has an employment background with KPMG AZSA LLC, the Company's auditing firm. However, he was not involved in the Company's accounting audits during the period of his service, and it has been nine (9) 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, the payments by the Company to the auditing firm account for an extremely small percentage of the total remuneration of the auditing firm (less than 0.1%). In addition, at present there is no business relationship between	Mr. Uchiyama has expert knowledge and experience accumulated over many years as a certified public accountant. In addition, he possesses extensive experience as an executive at audit corporations and global consulting firms. Given the foregoing, the Company has appointed Mr. Uchiyama as an Outside Director who is an Audit and Supervisory Committee Member, with the expectation that he will continue to serve as a supervisory and auditing function for the Company's overall management 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.

			the Company and ASAHI Tax Corporation for which Mr. Uchiyama serves as Executive Advisor. For the reasons above, independence is adequately insured.	

[Audit and Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	Audit and Supervisory Committee
Committee Members	4
Full-time Members	1
Inside Directors	1
Outside Directors	3
Chairperson	Inside Director

Appointment of Directors and/or Staff to Support Audit and Supervisory Committee	Appointed

Matters Related to the Independence of Such Directors and/or Staff from Executive Director

To support the execution of duties by the Audit and Supervisory Committee, the Audit and Supervisory Committee Office was established, and five employees were assigned to the office full-time. These employees work under the supervision and direction of the Audit and Supervisory Committee and their independence in relation to supervision and direction from directors (excluding directors who are also Audit and Supervisory Committee members), corporate officers and employees is ensured. In addition, transfers, personnel evaluations, etc. require the prior consent of an Audit and Supervisory Committee.

Cooperation among Audit and Supervisory Committee, Independent Auditor and Internal Audit Departments

The Company strives to improve the effectiveness of audits by having Audit and Supervisory Committee members attend audits conducted by the independent auditor and by having the Audit and Supervisory Committee, independent auditor, and Internal Audit Department meet regularly and as necessary to exchange information on audit policies, audit plans, audit implementation status, accounting system revisions, etc. and to work in close collaboration with one another.
The Audit and Supervisory Committee and Internal Audit Department meet regularly and as necessary to provide direct reports and exchange information on audit policies, audit plans, audit implementation status, and other matters and to work in close collaboration with one another.
In addition, Audit and Supervisory Committee members attend audits conducted by the Internal Audit Department when necessary, and the Internal Audit Department conducts investigations and makes reports as requested by the Audit and Supervisory Committee, improving the quality of audits by both bodies.

[Voluntary Establishment of Nomination Committee or Remuneration Committee]

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

Committee's Name, Composition and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Remuneration Committee
All Committee Members	7	7
Full-time Members	0	0
Inside Directors	3	3
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Inside Director	Inside Director

Supplementary Explanation Updated

To ensure reasonableness and transparency and conduct efficient and fulfilling discussion with regard to director and corporate officer nomination and determination of remuneration, a Nomination Committee and a Remuneration Committee were established as advisory bodies to the Board of Directors. To ensure their independence, the majority of the members of the two committees are independent outside directors, both committees comprising four independent outside directors and three representative directors. In addition, directors who are Audit and Supervisory Committee members also attend both committees as observers.
Based on the Board of Directors' request for opinion, the Nomination Committee deliberates on matters including proposals on the appointment of directors to be submitted to the General Meeting of Shareholders, the appointment and dismissal of corporate officers, appointment and dismissal of representative directors and directors with a concurrent position, 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 remuneration of directors (excluding directors who are Audit and Supervisory Committee members) and corporate officers (excluding employment-type corporate officers), including the appropriateness of policies, procedures, and systems, as well as the appropriateness of the proposed remuneration of each director (excluding directors who are Audit and Supervisory Committee members) and each corporate officer (excluding employment-type corporate officers), and delivers its opinions to the Board of Directors.

<Members of Nomination Committee and Remuneration Committee>
Representative Director, Chairman of the Board: Shinichi Odo
Representative Director, President: Takeshi Kawai
Representative Director, Executive Vice President: Toru Matsui
Outside Director: Miwako Doi, Chiharu Takakura, Takayoshi Mimura, Hisanori Makaya
Audit and Supervisory Committee Member (observer): Kenji Isobe, Fumiko Nagatomi, Christina L. Ahmadjian, Hideyo Uchiyama

<Status of activities of the Nomination Committee and the Remuneration Committee in fiscal 2023>
In fiscal 2023, the Nomination Committee convened four times and, based on requests from the Board of Directors, deliberated and reported on matters concerning primarily composition of the Board of Directors, details of proposal related to election of the Board of Directors for submission to the General Meeting of Shareholders, election of representative directors and directors with a concurrent position and appointment and dismissal of corporate officers. The Remuneration Committee convened once and, based on requests from the Board of Directors, deliberated and reported on matters concerning primarily evaluation of the Company's and individual performance, details of individual compensation of directors (excluding directors who are Audit and Supervisory Committee members) and corporate officers (excluding employment-type corporate officers) based on evaluation thereof, policy on determining details of compensation, etc. of directors (excluding directors who are Audit and Supervisory Committee members).

[Independent Directors]

Number of Independent Directors	7

Matters relating to Independent Directors

In addition to the qualifications of outside directors 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

Directors (excluding directors who are Audit and Supervisory Committee members and outside directors) and corporate officers 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. Remuneration of directors who are Audit and Supervisory Committee 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 124th fiscal year (from April 1, 2023 to March 31, 2024) was as indicated below. Total director (except directors who are Audit and Supervisory Committee members) remuneration: ¥473 million (of which ¥62million is outside director remuneration) Total directors who are Audit and Supervisory Committee members remuneration: ¥93 million (of which ¥46 million is outside director remuneration) *Total remuneration paid to persons receiving total remuneration of ¥100 million or more: ¥153 million paid to Representative Director and Chairman of the Board, Shinichi Odo ¥153 million paid to Representative Director and President, Takeshi Kawai ¥103 million paid to Representative Director and Executive Vice President , Toru Matsui

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods Updated

<Policy on Determining remuneration for individual directors who are not Audit and Supervisory Committee members >

1. Basic Policy
Directors (excluding directors who are Audit and Supervisory Committee members) 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 who are not Audit and Supervisory Committee members 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. Policy on determining the methods of calculating bonus amount (performance-linked remuneration)
Bonuses are determined based on the standard amount for each position, and after comprehensively taking into account quantitative targets for the achievement rate of the Company's business performance, such as consolidated revenue, which reflects the results of sales activities; employee satisfaction, which is an indicator of improvement in employee engagement; and qualitative evaluation of individual performance. Bonuses are paid at a specified time every year. Target performance indicators and their values are set at the time the Medium-Term Management Plan is formulated in order to be consistent with the plan and by giving due respect to reports from the Compensation Committee. 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 directors who are Audit and Supervisory Committee members and 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 (excluding directors who are Audit and Supervisory Committee members) 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] Updated

(Outside Directors)
Board of Directors Department and the Secretarial Office are responsible for support operations for outside directors such as functioning as liaisons and conducting internal coordination. When Board of Directors meetings are held, meeting materials are distributed to the outside directors in advance, and directors and the responsible personnel from the relevant divisions provide prior explanations of meeting agenda items as necessary. In addition, outside directors are provided information regarding key decision-making and other investigation processes through the provision of access to Management Meeting materials, minutes, and other information.

(Outside Directors who are Audit and Supervisory Committee members)
With regard to outside directors who are Audit and Supervisory Committee members, the Audit and Supervisory Committee Office was established as a support operations of the Audit and Supervisory Committee and five full-time employees were assigned to support the operations. In addition, voluntary reporting meetings attended by all Audit and Supervisory Committee members are held, and at these meetings full-time Audit and Supervisory Committee members and Audit and Supervisory Committee Office personnel share information with outside Audit and Supervisory Committee members regarding deliberations at internal meetings and committees and on the status of implementation of internal control systems.

[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 11 members (of which seven are outside directors). In principle, the Board meets once each month and at other times as necessary. The Board deliberates on and makes decisions concerning matters specified in laws, regulations, and the Articles of Incorporation as well as significant matters specified in the Board of Directors Rules. Certain matters are delegated to the Representative Director and President, and the Board receives reports from the President and Representative Director and other executive directors and supervises the status of business execution. To reinforce the supervisory functions of the Board of Directors and ensure the transparency of management, a majority of the Board is made up of independent outside directors.

The Nomination Committee and Remuneration Committee, established as advisory bodies to the Board of Directors, comprise all outside directors (excluding directors who are Audit and Supervisory Committee members) and representative directors and corporate officers to ensure reasonableness and transparency in determining director nominations and remuneration. The Nomination Committee deliberates on matters including proposals on election of directors to be submitted to the General Meeting of Shareholders, election and dismissal of representative directors and directors with a concurrent position, and appointment and dismissal of corporate officers, while the Remuneration Committee deliberates on matters including appropriateness of policy, procedures, and systems relating to the compensation of directors (excluding directors who are Audit and Supervisory Committee members) and corporate officers (excluding employment-type corporate officers), and appropriateness of the proposed compensation of each director (excluding directors who are Audit and Supervisory Committee members) and each corporate officer (excluding employment-type corporate officers). Both committees deliver their respective opinions to the Board of Directors.

The Audit and Supervisory Committee comprises four members (of which three are outside members) and as an independent body entrusted by the shareholders, audits and supervises the execution of business by the directors. Full-time Audit and Supervisory Committee members are selected from the perspective of maintaining the audit environment, gathering information from within the Company, and monitoring and verifying the establishment and operation of internal control systems on a daily basis and share such information with other members to ensure the effectiveness of organizational audits. The Audit and Supervisory Committee also confirms the appropriateness and suitability of the nominations and remuneration of directors (excluding directors who are Audit and Supervisory Committee members) by attending Nomination Committee and Remuneration Committee meetings and receiving explanations from the representative directors and forms opinions on these matters.

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 and Supervisory Committee, the independent auditor and members of Internal Audit Department, by means of Audit and Supervisory Committee 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 (26) corporate officers (of which two 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 Management Meeting, comprising representative directors and some executive officers, was established to make decisions on and supervise important matters relating to business execution in accordance with the basic management policies determined by the Board of Directors, to discuss and understand in advance management issues to be addressed and risks that the Group is facing, and to promptly respond to changes in the management environment. The Management Meeting addresses management strategy and other important matters relating to overall management and also focuses its deliberations on important human resource strategies and measures relating to the assignment and development of human resources as well as significant investments including capital expenditures, equity contributions, acquisitions, and capital tie-ups.

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 Sustainability Committee, comprising members of the Board of Directors and executive officers, 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

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 this slogan, we have established corporate governance systems and are working to enhance them so that we can carry out management in pursuit of the enhancement of corporate value over the medium to long term. Based on this approach, the Company has adopted the structure of a company with an Audit and Supervisory Committee, and individual bodies are established within that framework with the objectives of enhancing deliberation on management policies and strategies at Board of Directors meetings, strengthening supervisory functions, and further accelerating management decision-making and execution.

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	For the Ordinary General Meeting of Shareholders held in June 2024, measures for electronic provision of the Notice of Convocation of Ordinary General Meeting of Shareholders were started eleven (11) days prior to the statutory deadline. Dispatch of the convocation notice was done six (6) days prior to the statutory deadline.
Scheduling AGMs Avoiding the Peak Day	The date for the Ordinary General Meeting of Shareholders held in June 2024 was set to two (2) 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 at the same time as the Japanese documents.
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 Updated

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The information is posted on the Company's website. https://www.ngkntk.co.jp/english/ir/management/disclosure_policy.html
Regular Investor Briefings for Individual Investors	Briefings were held in the form of recorded distribution at online IR events for individual investors from April 1, 2023 to March 31, 2024.
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	In the 124th fiscal year (April 1, 2023 to March 31, 2024), the Company has resumed visits to overseas investors. In the 125th fiscal year (April 1, 2024 to March 31, 2025), the Company is visiting to overseas investors and is arranging meetings using both remote and in-person formats.
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	Management and Financial Supervision Department 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. https://www.ngkntk.co.jp/english/corporate/philosophy/conduct.html
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://ngkntk.disclosure.site/en/
Formulation of Policies, etc. on Provision of Information to Stakeholders	The information is posted on the Company's website. https://www.ngkntk.co.jp/english/ir/management/disclosure_policy.html

IV. Matters Related to the Internal Control System

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

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. Systems for Ensuring Compliance with Laws and Regulations and the Company’s Articles of Incorporation in the Execution of Duties by Directors

(1) The Company establishes the Corporate Code of Conduct and CSR Basic Policy including the Compliance Policy, and the directors maintain corporate governance by complying with these policies and setting an example through their own conduct.

(2) The Board of Directors meets on a regular basis and holds ad hoc meetings as necessary to make decisions on and supervise matters specified in laws, regulations, and the Articles of Incorporation and establishes cross-divisional bodies including the Management Meeting and other organizations.

(3) Outside directors constitute a majority of the Board of Directors to reinforce the business execution supervisory functions of the Board and ensure transparency of decision-making.

2. Systems for storing and managing information relating to the execution of duties by directors

(1) With regard to information relating to the execution of duties, the Company appropriately stores and manages the minutes of important bodies, including the Board of Directors and other important meetings, and records of internal decisions in accordance with internal regulations, and all directors have access to such information at all times.

3. Regulations and other systems for managing the risk of loss

(1) Risk management is pursued by establishing the Risk Management Rules to address natural disaster, geopolitical, information security, and various other types of risks faced by the Group as a whole, and assigning the Representative Director and President as the chief officer responsible for risk management.

(2) The Company works to prevent losses by periodically assessing risks that are present under normal circumstances and monitoring the status of implementation of risk response plans. In the event that the risk of loss materializes, company-wide and cross-divisional measures will be immediately taken to minimize the losses and bring the situation promptly under control. We will also endeavor to prevent recurrence of crises that have been resolved.

(3) Under the direction of the CSR and Sustainability Committee, the Risk Management Committee regularly monitors the improvement activities and operation of risk management systems.

4. Systems to ensure the efficient execution of duties by directors

(1) The Company assigns corporate officers, who were appointed by resolution of the Board of Directors, to be responsible for the execution of the Company's business operations. In addition, the Company clarifies the authority and responsibilities of corporate officers and employees to regulations, such as the Regulations on Authority of Corporate Officers, Regulations on the Division of Duties, Organization Management Regulations, and Regulations on Decision-Making, as well as clarifying targets and improving management efficiency through the formulation of Medium-Term Management Plan and implementation of budget systems.

(2) In principle, the Company's Board of Directors meets monthly and as needed. In addition, the Management Meeting and various other cross-organizational and committee meetings are held to discuss and report on important matters affecting the Group and to ensure prompt decision-making and information sharing.

5. Systems to ensure that the execution of duties by employees complies with laws and regulations and the Articles of Corporation

(1) In order to promote compliance with laws and regulations, international rules, social norms, and internal rules and regulations and to raise awareness of ethics among all employees of the Group, the Company established implementation systems and rules and disseminates the Basic CSR Policy including the Corporate Code of Conduct and Compliance Policy through the distribution of manuals and internal training programs.

(2) The Company will formulate compliance rules and establish Compliance Committee to be chaired by a representative director. Under the direction of the CSR and Sustainability Committee, the Compliance Committee will monitor and provide guidance on activities to prevent compliance violations, actions taken to deal with violations should they occur, and other responses. If a compliance violation is detected, the Company will take corrective and preventive measures, and will take disciplinary actions in accordance with the relevant internal rules and regulations.

(3) The Company established a corporate ethics helpline as a whistleblowing system that accepts reports from inside and outside the company. The helpline receives information on conduct that violates or may violate compliance, etc. as well as risks, threats, and concerns that may affect employees so that it can detect such risks at an early stage, prevent misconduct, and ensure transparency of our corporate activities. We do not subject any user of the corporate ethics helpline to disadvantage on the grounds of reporting to or consulting with the helpline.

6. Systems for ensuring the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries

(1) In order to ensure the appropriate and effective operation of all Group companies in accordance with Group policies and laws and regulations, the Company established internal rules on the management policies and management organizations of Group companies, provides guidance and performance management, and strives to develop and operate related systems in an integrated manner. In addition, regulations provide that important matters relating to Group companies must be reported to the Company and that matters that meet certain criteria must be approved by the Company.

(2) The Company has established a system for efficient cooperation with Group companies by providing opportunities for reporting and exchanging information, such as by holding various meetings and establishing committees across the Group. We also dispatch auditors to Group companies, and the Company's internal audit department conducts internal audits. We monitor the proper execution of business by Group companies and provide advice and recommendations as necessary. The corporate ethics helpline is also available for use by officers and employees of Group companies.

7. Matters concerning employees who assist with the performance of duties by the Audit and Supervisory Committee, matters concerning the independence of such employees from directors (excluding directors who are Audit and Supervisory Committee members), and matters for ensuring the effectiveness of instructions to such employees

(1) In accordance with a request from the Audit and Supervisory Committee, the Company has appointed full-time employees to support the performance of duties by the Audit and Supervisory Committee (referred to as "Support Personnel").

(2) The Company ensures the independence of Support Personnel from directors (excluding directors who are Audit and Supervisory Committee members), corporate officers, and other employees regarding instructions and orders and requires the prior consent of the Audit and Supervisory Committee when transferring and evaluating Support Personnel.

8. Systems for directors and employees of the Company and subsidiaries to report to the Audit and Supervisory Committee

(1) Directors, corporate officers, and employees of the Company provide the Audit and Supervisory Committee with access to important approval documents, appropriately report on the status of operations and assets as well as matters requested by the Audit and Supervisory Committee, and immediately report to the Audit and Supervisory Committee any facts that may cause significant harm to the Group. Directors, corporate auditors, corporate officers, and employees of subsidiaries or persons who receive reports from them similarly report to the Audit and Supervisory Committee as appropriate. In addition, Audit and Supervisory Committee members attend meetings of the Board of Directors and other important meetings and committees and receive reports from Support Personnel who attend such meetings and committees in order to understand important decisions in their processes and the status of execution of those decisions and receive explanations regarding the operation of various meetings and committees as necessary.

(2) The Company periodically reports to the Audit and Supervisory Committee on operation of the corporate ethics helpline.

(3) The Company shall not subject any person to disadvantageous treatment because such person made a report to the Audit and Supervisory Committee.

9. Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively

(1) The Company ensures that the Audit and Supervisory Committee has regular opportunities to receive reports on audit results, etc. from the Internal Audit Department and that the Audit and Supervisory Committee is able to give instructions and the like to the Internal Audit Department as necessary.

(2) The Company ensures that the Audit and Supervisory Committee has opportunities to exchange information with directors (excluding directors who are Audit and Supervisory Committee members) who are not Audit and Supervisory Committee members, the Internal Audit Department, and the accounting auditors.

(3) When an Audit and Supervisory Committee member requests funds necessary for the performance of his or her duties, the Company pays the expenses in accordance with such request.

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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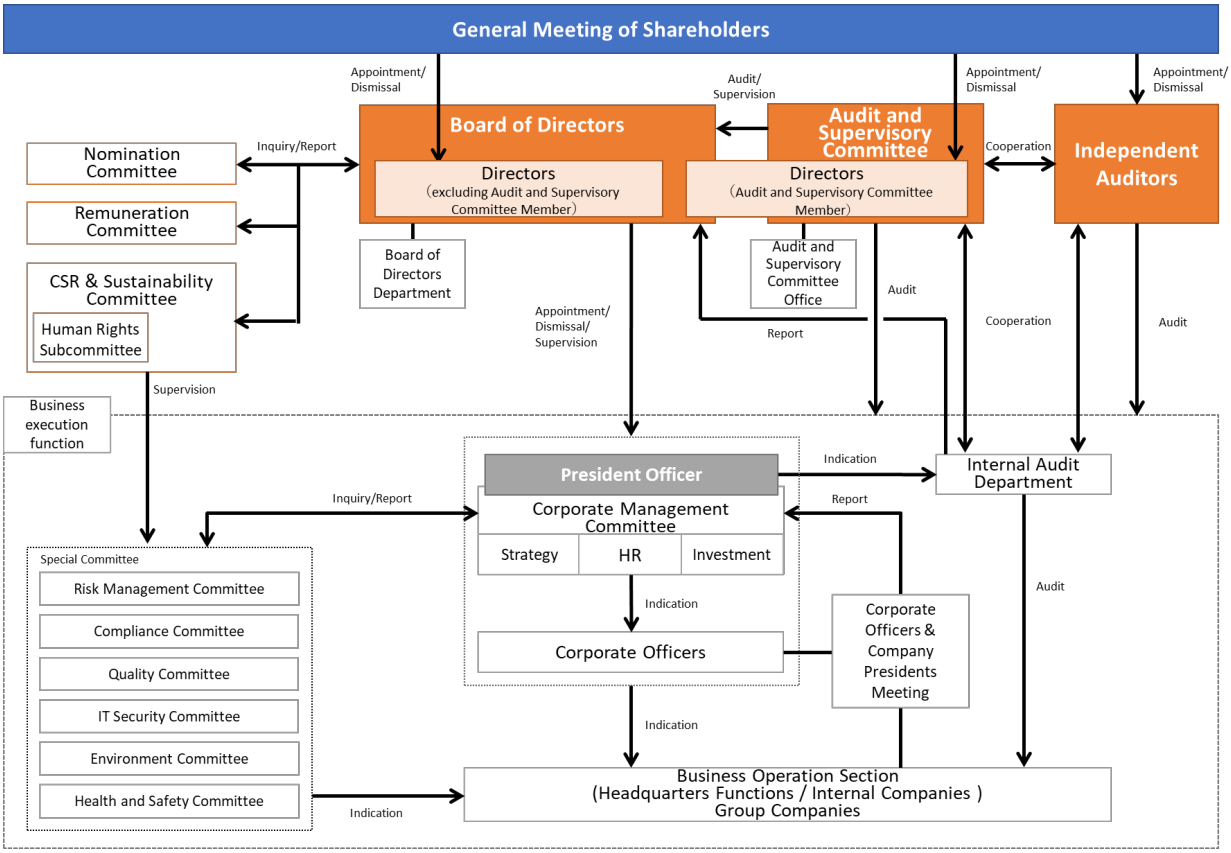
2. Other Matters Concerning to Corporate Governance System **Updated**

[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. The Board of directors, Management Meeting or 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 Department appointed by the representative director.

[System Diagram of Corporate Governance]



[System Diagram of Timely Disclosure]

