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(Stock Exchange Code: 5333)
June 6, 2022

To Shareholders:

Shigeru Kobayashi
Representative Director and President
NGK INSULATORS, LTD.
2-56, Suda-cho, Mizuho-ku, Nagoya, Japan

CONVOCATION NOTICE OF THE 156TH ANNUAL SHAREHOLDERS' MEETING

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially notified that the 156th Annual Shareholders' Meeting of NGK INSULATORS, LTD. (the "Company") will be held as described below.

In order to prevent the novel coronavirus from spreading, we request you to exercise your voting rights in advance in writing or via the Internet as much as possible and refrain from attending the Shareholders' Meeting in person. Please review the attached Reference Documents for the Shareholders' Meeting and exercise your voting rights by 5:15 p.m. on Friday, June 24, 2022, Japan time.

- 1. Date and Time:** Monday, June 27, 2022 at 10:00 a.m., Japan time
- 2. Place:** Conference room on the first floor of the main building of the Company located at 3-16, Mutsuno 1-chome, Atsuta-ku, Nagoya, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company's 156th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits of the Consolidated Financial Statements by the Accounting Auditors and the Audit & Supervisory Board
 2. Non-consolidated Financial Statements for the Company's 156th Fiscal Year (April 1, 2021 - March 31, 2022)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Partial Amendments to the Articles of Incorporation
 - Proposal 3:** Election of 9 Directors
 - Proposal 4:** Election of 1 Audit & Supervisory Board Member
 - Proposal 5:** Election of 1 Substitute Audit & Supervisory Board Member
 - Proposal 6:** Determination of Remuneration for the Purpose of Granting Restricted Shares to Directors (excluding Outside Directors)

Proposal 1: Appropriation of Surplus

Taking into account such factors as strengthening of our business structure, future business development and earnings conditions, the year-end dividend for the year ended March 31, 2022 is proposed as follows.

Matters concerning the year-end dividend

- (1) Type of property distributed as dividend:
Cash
- (2) Matters concerning the allocation of the dividend property to shareholders and the total amount thereof:
33 yen per share of the Company's common shares, 10,284,155,541 yen in total
- (3) Effective date of the dividend from surplus:
Tuesday, June 28, 2022

Proposal 2: Partial Amendments to the Articles of Incorporation

(1) Reason for the proposal

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will come into force on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

1. The proposed Article 17, Paragraph 1 stipulates that information contained in the reference documents for the general meeting of shareholders, etc. shall be provided electronically.
2. The purpose of the proposed Article 17, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
3. The provisions related to the internet disclosure and deemed provision of the reference documents for the general meeting of shareholders, etc. (Article 17 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
4. In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

(2) Details of amendments

Details of the amendments are as follows.

(The proposed amendments are underlined.)

Current Articles of Incorporation	Proposed amendments
<p>Chapter III. General Meeting of Shareholders <u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u> <u>Article 17.</u> <u>The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, (including the accounting audit report or the audit report pertaining to the consolidated financial statements), by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p style="text-align: center;">(New)</p>	<p>Chapter III. General Meeting of Shareholders</p> <p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">(Measures for Electronic Provision, Etc.) <u>Article 17.</u> <u>The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</u> <u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>

Current Articles of Incorporation	Proposed amendments
(New)	<p data-bbox="837 277 1157 309"><u>(Supplementary provisions)</u></p> <p data-bbox="837 309 1406 555">1. <u>Amendments to Article 17 of the Articles of Incorporation shall become effective on September 1, 2022, which is the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter, the “Effective Date”).</u></p> <p data-bbox="837 555 1406 842">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 17 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Effective Date.</u></p> <p data-bbox="837 842 1406 1034">3. <u>These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

Proposal 3: Election of 9 Directors

The terms of office of all 9 Directors will expire at the conclusion of this Annual Shareholders' Meeting. Accordingly, the Company proposes the election of 9 Directors. If this proposal is approved as originally proposed, one-third of the Company's Directors will be Independent Outside Directors.

The candidates for Director are as follows:

No.	Name	Current positions and responsibilities at the Company	Attendance at Board of Directors meetings
1	Taku Oshima [Reappointment]	Representative Director and Chairman	92% (12 out of 13 meetings)
2	Shigeru Kobayashi [Reappointment]	Representative Director and President	92% (12 out of 13 meetings)
3	Chiaki Niwa [Reappointment]	Representative Director and Executive Vice President	100% (13 out of 13 meetings)
4	Ryohei Iwasaki [Reappointment]	Director and Senior Vice President	100% (13 out of 13 meetings)
5	Tadaaki Yamada [New candidate]	Senior Vice President	—
6	Hideaki Shindo [Reappointment]	Director and Senior Vice President	100% (10 out of 10 meetings)
7	Hiroyuki Kamanoto [Reappointment] [Outside] [Independent]	Outside Director	100% (13 out of 13 meetings)
8	Emiko Hamada [Reappointment] [Outside] [Independent] [Female]	Outside Director	100% (13 out of 13 meetings)
9	Kazuo Furukawa [Reappointment] [Outside] [Independent]	Outside Director	100% (13 out of 13 meetings)

(Note) Attendance at Board of Directors meetings for Mr. Hideaki Shindo relates to meetings held since he assumed the position of Director on June 28, 2021.

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p>Taku Oshima (July 14, 1956)</p> <p>[Reappointment]</p> <p>[Number of stock acquisition rights owned] 66 (Equivalent to 66,000 shares)</p> <p>[Attendance at the Board of Directors meetings] 92% (12 out of 13 meetings)</p>	<p>March 1980 Joins NGK</p> <p>June 2007 Appointed as vice president</p> <p>June 2011 Appointed as senior vice president</p> <p>June 2014 Appointed as representative director and president</p> <p>June 2020 Appointed as outside director, Central Japan Railway Company (incumbent)</p> <p>April 2021 Appointed as representative director and chairman (incumbent)</p> <p>May 2021 Appointed as chairman, Aichi Employers' Association (incumbent)</p> <p>June 2021 Appointed as outside director, Toho Gas Co., Ltd. (incumbent)</p> <p>(Significant concurrent positions) Chairman, Aichi Employers' Association Outside director, Central Japan Railway Company Outside director, Toho Gas Co., Ltd.</p>	10,000
<p>[Reasons for the nomination of candidate for Director] After joining the Company, Mr. Taku Oshima belonged to Manufacturing Engineering Division, and experienced start-up of manufacturing lines at overseas subsidiaries. In addition, he engaged in the development and massive-volume production of NAS® batteries from the beginning, working on design, manufacturing, and marketing as Head of the NAS battery business, the world first large scale energy storage system. He served as Representative Director and President from 2014, and has been serving as Representative Director and Chairman since 2021. We renominated him as a candidate for Director because he has abundant experience at the Company and insights in business operations.</p>			
2	<p>Shigeru Kobayashi (March 23, 1961)</p> <p>[Reappointment]</p> <p>[Number of stock acquisition rights owned] 21 (Equivalent to 21,000 shares)</p> <p>[Attendance at the Board of Directors meetings] 92% (12 out of 13 meetings)</p>	<p>March 1983 Joins NGK</p> <p>June 2016 Appointed as vice president</p> <p>June 2018 Appointed as senior vice president</p> <p>June 2020 Appointed as director and senior vice president</p> <p>April 2021 Appointed as representative director and president (incumbent)</p> <p>(Responsibilities) Overall Corporate Management; Chair of Executive Committee, Strategy Committee, ESG Management Committee</p>	10,126
<p>[Reasons for the nomination of candidate for Director] Mr. Shigeru Kobayashi engaged in overseas sales and marketing at Energy Infrastructure Business Division and assumed positions in various departments including the manager of sales and marketing department of the NAS battery business, president of an overseas subsidiary, manager of the overseas sales and marketing department at the Ceramic Products Business Group, and Group Executive of Energy Infrastructure Business Group. He has been serving as Representative Director and President since 2021. We renominated him as a candidate for Director because he has an ample experience at the Company, as well as a wealth of knowledge and personal contacts for business operations.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Chiaki Niwa (February 16, 1960) [Reappointment] [Number of stock acquisition rights owned] 27 (Equivalent to 27,000 shares) [Attendance at the Board of Directors meetings] 100% (13 out of 13 meetings)	March 1984 Joins NGK June 2013 Appointed as vice president June 2015 Appointed as director and vice president June 2016 Appointed as director and senior vice president June 2018 Appointed as director and senior vice president June 2020 Appointed as representative director and executive vice president (incumbent) (Responsibilities) Responsible for Corporate R&D, Corporate Manufacturing Engineering, Digital Transformation and Innovation Dept., Quality Management Dept., and Environment, Safety and Industrial Health Dept.; Chair of Development and Commercialization Committee, Quality Committee, Environment, Safety and Industrial Health Committee	10,000
<p>[Reasons for the nomination of candidate for Director] After his long engagement in engineering business division (currently, an independent company) and plant technology division in Industrial Process Division, Mr. Chiaki Niwa has been serving as representative director and executive vice president since 2020. He currently controls DX Promotion, quality management, and environmental management, safety and health management departments in Head Office, takes responsibility for Corporate R&D Group, Corporate Manufacturing Engineering Group, and plays a role of being responsible for technology as a whole. We renominated him as a candidate for Director because he has an ample experience at the Company as well as deep knowledge in project management and manufacturing technology.</p>			
4	Ryohei Iwasaki (January 30, 1960) [Reappointment] [Number of stock acquisition rights owned] 36 (Equivalent to 36,000 shares) [Attendance at the Board of Directors meetings] 100% (13 out of 13 meetings)	March 1982 Joins NGK June 2008 Appointed as vice president June 2009 Appointed as director and vice president June 2012 Appointed as director and senior vice president June 2016 Appointed as director and senior vice president (incumbent) (Responsibilities) Business Groups; Group Executive, Corporate NV Creation; Development and Commercialization Vice Committee Chair; in charge of management affairs	10,000
<p>[Reasons for the nomination of candidate for Director] Mr. Ryohei Iwasaki has accumulated a variety of practical experience in business operations including engagement in sales and marketing in Ceramic Products Business Group followed by overseas subsidiaries' president, as well as such position as General Manager of Corporate Strategy Office and Group Executive of Electronics Business Group and in management of Head Office. He currently serves as Director and Senior Vice President, and Group Executive of Corporate NV Creation, and plays a role of promoting new product creation and commercialization. We renominated him as a candidate for Director because he has an ample experience at the Company and knowledge in business operations.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Tadaaki Yamada (June 26, 1961) [New candidate]	March 1984 Joins NGK April 2012 Appointed as general manager, General Affairs Dept. June 2015 Appointed as vice president June 2019 Appointed as senior vice president (incumbent)	5,000
	[Number of stock acquisition rights owned] 16 (Equivalent to 16,000 shares)	(Responsibilities) General Manager, Human Resources Dept.; Responsible for Auditing Dept., Group Compliance Dept., Legal Dept., Intellectual Property Dept., and General Affairs Dept.; Chief Compliance Officer; Chair of Compliance Committee, Internal Controls Committee, and HR Committee; General Manager, Osaka Branch; in charge of overall personal information management and privacy protection; Chief Personal Data Protection Officer	
[Reasons for the nomination of candidate for Director] Mr. Tadaaki Yamada has gained experience in the engineering business division (currently an independent company), in sales and marketing in the electronics business division, and in secretarial work, and has been serving as General Manager of the General Affairs Department and Human Resources Department. He is currently responsible for the Auditing Department, Group Compliance Department, Legal Department, Intellectual Property Department, and General Affairs Department in Head Office, and has an ample experience and knowledge at the Company. Therefore, we nominate him as a candidate for Director.			
6	Hideaki Shindo (November 1, 1964) [Reappointment]	April 1988 Joins NGK June 2018 Appointed as vice president June 2021 Appointed as director and senior vice president (incumbent)	5,000
	[Number of stock acquisition rights owned] 10 (Equivalent to 10,000 shares) [Attendance at the Board of Directors meetings] 100% (10 out of 10 meetings) (Note) Attendance relates to the Board of Directors meetings held since he assumed the position of Director on June 28, 2021.	(Responsibilities) Responsible for ESG Management Dept., Corporate Planning Office, Secretarial Office, Finance Dept., Purchasing Dept.; Senior Officer in charge of Group Companies	
[Reasons for the nomination of candidate for Director] After joining the Company, Mr. Hideaki Shindo has gained experience in business operations including finance and accounting as well as in management of subsidiaries in North America and Mexico. He held positions such as General Manager of Corporate Planning Office and General Manager of Finance & Accounting Department. He currently is responsible for ESG Promotion Department, Corporate Planning Office, Secretarial Office, Finance & Accounting Department, and Purchasing Department in Head Office. We renominated him as a candidate for Director because he has an ample experience and knowledge at the Company.			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	<p style="text-align: center;">Hiroyuki Kamano (July 21, 1945)</p> <p>[Reappointment] [Outside] [Independent]</p> <p>[Number of stock acquisition rights owned] 0</p> <p>[Attendance at the Board of Directors meetings] 100% (13 out of 13 meetings)</p>	<p>April 1971 Joins Ministry of Foreign Affairs</p> <p>April 1979 Trains at Legal Training and Research Institute, Supreme Court of Japan</p> <p>April 1981 Becomes registered attorney</p> <p>October 1988 Becomes managing partner, Kamano Sogo Law Offices (incumbent)</p> <p>June 2007 Appointed as outside audit & supervisory board member, Komatsu Ltd.</p> <p>July 2007 Appointed as outside director, Sumitomo Life Insurance Company</p> <p>April 2009 Appointed as vice president, Tokyo Bar Association</p> <p>June 2011 Appointed as director, NGK (incumbent)</p> <p>June 2015 Appointed as outside audit & supervisory board member, House Foods Group Inc.</p> <p>June 2020 Appointed as outside director, SPANCRETE CORPORATION (incumbent)</p> <p>June 2021 Appointed as outside director (audit & supervisory committee member), House Foods Group Inc. (incumbent)</p> <p>(Significant concurrent positions) Managing partner, Kamano Sogo Law Offices Outside director, SPANCRETE CORPORATION Outside director (audit & supervisory committee member), House Foods Group Inc.</p>	1,000
<p>[Reasons for the nomination of candidate for Outside Director and a summary of expected roles]</p> <p>Having long engaged in legal practice as an attorney-at-law, Mr. Hiroyuki Kamano possesses a wealth of experience and achievements in the legal community, including his service as the vice president of Tokyo Bar Association. The Company expects him to oversee the management of the Company from an independent, objective standpoint based mainly on the perspective of compliance, by utilizing his expertise, ample experience, and broad insight. In addition, he has been appropriately fulfilling his duties as an Outside Director of the Company, by giving opinions on strengthening the compliance structure and on business development, as well as offering suggestions to the Company's business operation and properly overseeing the management of the Company. Therefore, we renominated him as a candidate for Outside Director.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
8	<p>Emiko Hamada (November 23, 1958)</p> <p>[Reappointment] [Outside] [Independent] [Female]</p> <p>[Number of stock acquisition rights owned] 0</p> <p>[Attendance at the Board of Directors meetings] 100% (13 out of 13 meetings)</p>	<p>April 1984 Joins Taiyo Yuden Co., Ltd.</p> <p>December 2001 Appointed as general manager, Quality Assurance Control R Technology Div., Engineering Group, Taiyo Yuden</p> <p>September 2003 Appointed as chief engineer, Basic Research Div., General Research Laboratory, Engineering Group, Taiyo Yuden</p> <p>November 2008 Appointed as associate professor, Center for Social Contribution and Collaboration, Nagoya Institute of Technology (NITech)</p> <p>April 2011 Appointed as professor, Center for Social Contribution and Collaboration, NITech, and professor for Master of Techno-Business Administration, NITech Graduate School</p> <p>April 2012 Appointed as professor, Center for Research on Assistive Technology for Building a New Community, NITech</p> <p>May 2015 Appointed as third-area program officer, A-STEP (Adaptable and Seamless Technology Transfer Program through Target-driven R&D), Japan Science and Technology Agency</p> <p>July 2016 Appointed as part-time lecturer, NITech</p> <p>August 2016 Appointed as visiting professor, Nagoya University (currently Nagoya University, Tokai National Higher Education and Research System)</p> <p>June 2017 Appointed as director, NGK (incumbent)</p> <p>June 2019 Appointed as outside director, Taiyo Yuden (incumbent)</p> <p>(Significant concurrent positions) Outside director, Taiyo Yuden Co., Ltd.</p>	5,000
<p>[Reasons for the nomination of candidate for Outside Director and a summary of expected roles]</p> <p>Ms. Emiko Hamada has made remarkable achievements such as leading the invention and the world's first commercialization of the CD-R (recordable CD) while working for Taiyo Yuden Co., Ltd. Since then, she has been engaged in research activities mainly through industry-academia-government collaborations as Professor at Nagoya Institute of Technology and Visiting Professor at Nagoya University. The Company expects her to oversee the management of the Company from an independent, objective standpoint based mainly on the perspective of research, development, and product commercialization, by utilizing the insights she has developed through her career. In addition, she has been appropriately fulfilling her duties as an Outside Director of the Company by giving her opinion in terms of ways to proceed with product development and new business, as well as offering suggestions to the Company's business operation and overseeing the management of the Company, therefore we renominated her as a candidate for Outside Director.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
9	Kazuo Furukawa (November 3, 1946) [Reappointment] [Outside] [Independent] [Number of stock acquisition rights owned] 0 [Attendance at the Board of Directors meetings] 100% (13 out of 13 meetings)	<p>April 1971 Joins Hitachi, Ltd.</p> <p>April 2005 Appointed as representative executive officer, executive vice president, and executive officer; general manager and CEO, Information & Telecommunications Group; general manager, Export Control Div.; Hitachi</p> <p>April 2006 Appointed as representative executive officer and president, Hitachi</p> <p>June 2006 Appointed as director, representative executive officer, and president, Hitachi</p> <p>May 2007 Appointed as vice chair, Keidanren (Japan Business Federation)</p> <p>April 2009 Appointed as director, representative executive officer, and vice chair, Hitachi</p> <p>June 2009 Appointed as special advisor, Hitachi</p> <p>June 2011 Appointed as president, Information Processing Society of Japan</p> <p>October 2011 Appointed as chair, New Energy and Industrial Technology Development Organization</p> <p>June 2019 Appointed as director, NGK (incumbent)</p> <p>August 2019 Appointed as outside director (audit and supervisory committee member), Pasona Group Inc. (incumbent)</p> <p>(Significant concurrent positions) Outside director (audit and supervisory committee member), Pasona Group Inc.</p>	5,000
<p>[Reasons for the nomination of candidate for Outside Director and a summary of expected roles]</p> <p>Mr. Kazuo Furukawa has extensive knowledge of technical fields including information and telecommunications, as well as experience leading large organizations, through his work in important positions at Hitachi Ltd. such as President & Chief Executive Officer of the Information & Telecommunication Systems Group and subsequently President, as well as Chairman of the New Energy and Industrial Technology Development Organization. The Company expects him to oversee the management of the Company with a perspective as a management specialist and from an independent, objective standpoint, by utilizing his expertise, ample experience, by utilizing those insights and experience. In addition, he has been appropriately fulfilling his duties as an Outside Director of the Company, by giving his wide range of opinions on management decisions and business activities overall, as well as offering suggestions to the Company's business operation and properly overseeing the management of the Company. Therefore, we renominated him as a candidate for Outside Director.</p>			

(Notes)

1. There is no special interest between each candidate for Director and the Company.
2. The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure its Directors, Audit & Supervisory Board Members, and Vice Presidents (including the 9 candidates for Director). The said insurance contract covers damages and expenses (including litigation cost) in the event that a claim for damages is made against the insured due to an act (including nonfeasance) committed in the course of their duties as directors, audit & supervisory board members and officers of the Company, and the entire premium is borne by the Company. If the election of the 9 candidates for Director is approved at this Shareholders' Meeting, all the 9 Directors will be included as the insured of the insurance contract. In addition, the Company plans to renew the insurance contract with the same contents during their terms of office.
3. Matters concerning the candidates for Outside Director are as follows.
 - (1) Mr. Hiroyuki Kamano, Ms. Emiko Hamada and Mr. Kazuo Furukawa are candidates for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. The Company has filed Independent Directors/Auditors Notification with Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. to designate Mr. Hiroyuki Kamano, Ms. Emiko Hamada and Mr. Kazuo Furukawa as Independent Directors. If the appointment of Mr. Hiroyuki Kamano, Ms. Emiko Hamada and Mr. Kazuo Furukawa is approved at this Annual Shareholders' Meeting, the Company plans to file Independent Directors/Auditors Notification with Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. to designate each of them as Independent Directors.
 - (2) Although Mr. Hiroyuki Kamano and Ms. Emiko Hamada have never been involved in corporate management except as Outside Director or Outside Audit & Supervisory Board Member, the Company has judged that they are capable of performing their duties appropriately as Outside Directors due to the reasons stated in Reasons for the appointment of candidate for Outside Director and summaries of expected roles above.

(3) Mr. Hiroyuki Kamano is currently in office as Outside Director of the Company, and will have served for eleven years as Outside Director at the conclusion of this Annual Shareholders' Meeting. Ms. Emiko Hamada is currently in office as Outside Director of the Company, and will have served for five years as Outside Director at the conclusion of this Annual Shareholders' Meeting. Mr. Kazuo Furukawa is currently in office as Outside Director of the Company, and will have served for three years as Outside Director at the conclusion of this Annual Shareholders' Meeting.

(4) Overview of the liability limitation agreement

The Company has entered into a liability limitation agreement with each of Mr. Hiroyuki Kamano, Ms. Emiko Hamada and Mr. Kazuo Furukawa which provides that if an Outside Director is without knowledge and is not grossly negligent in performing his/her duties, the liability of the Director to the Company under Article 423, Paragraph 1 of the Companies Act shall be limited to the amount provided in Article 425, Paragraph 1 of the Companies Act. Subject to the approval of the reappointment of them, the Company intends to continue the liability limitation agreements with them.

(5) The relationship between each concurrent organization of Outside Director candidates and the Company is as follows:

Candidate for Outside Director	Concurrent organization	Relationship with the concurrent organization as seen from the Company	Scale of transactions during the current consolidated fiscal year
Hiroyuki Kamano	Kamano Sogo Law Offices	None	—
	House Foods Group Inc.	None	—
	SPANCRETE CORPORATION	None	—
Emiko Hamada	Taiyo Yuden Co., Ltd.	Sales of ceramic products, etc.	Less than 0.1% of the Company's consolidated net sales
			Less than 0.1% of the (expected) consolidated operating expenses of the concurrent organization for the fiscal year ended March 31, 2022
	Nagoya Institute of Technology	Payment of research expenses, etc.	Less than 0.1% of the Company's consolidated operating expenses
			Less than 1% of the ordinary income of the concurrent organization for the fiscal year ended March 31, 2021
	Nagoya University, Tokai National Higher Education and Research System	Sales of products for electronics industry, etc.	Less than 0.1% of the Company's consolidated net sales
			Less than 0.1% of the ordinary expenses of the concurrent organization (*Tokai National Higher Education and Research System) for the fiscal year ended March 31, 2021
Nagoya University, Tokai National Higher Education and Research System	Payment of donations and research expenses, etc.	Less than 0.1% of the Company's consolidated operating expenses	
		Less than 0.1% of the ordinary income of the concurrent organization (*Tokai National Higher Education and Research System) for the fiscal year ended March 31, 2021	

Kazuo Furukawa	Hitachi Ltd.	Sales of ceramic products, etc.	Less than 0.1% of the Company's consolidated net sales
			Less than 0.1% of the (expected) consolidated operating expenses of the concurrent organization for the fiscal year ended March 31, 2022
		Payment for the purchase of equipment etc.	Less than 0.1% of the Company's consolidated operating expenses
			Less than 0.1% of the (expected) consolidated sales income of the concurrent organization for the fiscal year ended March 31, 2022
	New Energy and Industrial Technology Development Organization	Receipt of research expenses for sponsored and subsidized projects	Less than 0.1% of the Company's consolidated net sales
			Less than 0.1% of the ordinary expenses of the concurrent organization for the fiscal year ended March 31, 2021
	Pasona Group Inc.	None	—
Pasona Inc. (A subsidiary wholly owned by Pasona Group Inc.)	Payment of temporary staffing fees	Less than 0.1% of the Company's consolidated operating expenses	
		Less than 0.1% of the consolidated net sales of Pasona Group Inc. for the fiscal year ended May 31, 2021	

(6) Ms. Emiko Hamada's name on the family register is Emiko Kato.

Reference: Skills and Experience of Directors following this Annual Shareholders' Meeting

Name	Independent outside directors	Field of experience				Specialized knowledge				
		Overall management	Overseas business/ international experience	Marketing	Manufacturing technology R&D	Finance	Legal compliance	HR/labor	TICT	Environmental/ energy conservation
Taku Oshima		○	○		○		○	○		○
Shigeru Kobayashi		○	○	○						○
Chiaki Niwa		○			○		○		○	○
Ryohei Iwasaki		○	○	○				○		
Tadaaki Yamada				○			○	○		
Hideaki Shindo		○	○			○		○		
Hiroyuki Kamano	○	○	○				○			
Emiko Hamada	○	○	○		○				○	○
Kazuo Furukawa	○	○	○		○			○	○	○

Proposal 4: Election of 1 Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mr. Junichi Itoh will expire at the conclusion of this Annual Shareholders' Meeting. Accordingly, the Company proposes the election of 1 Audit & Supervisory Board Member.

The Audit & Supervisory Board has agreed to the submission of this Proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, positions and significant concurrent positions	Number of shares of the Company held
Takashi Kimura (September 1, 1954) [New candidate] [Outside] [Independent] [Number of stock acquisition rights owned] 0 (Equivalent to 0 shares)	April 1977	0
	Joins The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)	
	June 2004	
	Appointed as executive officer, The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)	
	Appointed as executive officer, Mitsubishi Tokyo Financial Group, Inc. (currently Mitsubishi UFJ Financial Group, Inc.)	
	October 2005	
	Appointed as executive officer, Mitsubishi UFJ Financial Group, Inc.	
January 2006	Appointed as executive officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)	
May 2007	Appointed as managing executive officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)	
October 2009	Appointed as president, representative director and CEO, Mitsubishi Research Institute DCS Co., Ltd.	
June 2014	Appointed as outside audit & supervisory board member (full-time), MITSUBISHI GAS CHEMICAL COMPANY, INC. (incumbent)	

[Reasons for the nomination of candidate for Outside Audit & Supervisory Board Member]

Mr. Takashi Kimura has been involved in corporate management for many years, including as Managing Executive Officer at The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) and as President and Representative Director at Mitsubishi Research Institute DCS Co., Ltd. In addition to his experience and knowledge related to finance and corporate governance developed through his career, he is a full-time Audit & Supervisory Board Member at MITSUBISHI GAS CHEMICAL COMPANY, INC., and has ample experience and knowledge as an auditor of a listed company. The Company has judged that, he can contribute to improving the corporate value by auditing the management of the Company as a whole through his experience, and has therefore nominated him as a candidate for Outside Audit & Supervisory Board Member.

(Notes)

1. There is no special interest between the candidate for Audit & Supervisory Board Member and the Company.
2. The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure its Directors, Audit & Supervisory Board Members, and Vice Presidents. The said insurance contract covers damages and expenses (including litigation cost) in the event that a claim for damages is made against the insured due to an act (including nonfeasance) committed in the course of their duties as directors, audit & supervisory board members and officers of the Company, and the entire premium is borne by the Company. If the election of the candidate for Audit & Supervisory Board Member is approved at this Shareholders' Meeting, the Audit & Supervisory Board Member will be included as the insured of the insurance contract. In addition, the Company plans to renew the insurance contract with the same contents during his term of office.
3. Matters concerning the candidate for Outside Audit & Supervisory Board Member are as follows.
 - (1) Mr. Takashi Kimura is a candidate for Outside Audit & Supervisory Board Member as stipulated in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act. If the appointment of Mr. Takashi Kimura is approved at this Annual Shareholders' Meeting, the Company plans to file Independent Directors/Auditors Notification with Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. to designate him as an Independent Audit & Supervisory Board Member.
 - (2) If the election of Mr. Takashi Kimura is approved at this Annual Shareholders' Meeting, the Company intends to enter into a liability limitation agreement with him which provides that if an Outside Audit & Supervisory Board Member is without knowledge and is not grossly negligent in performing his duties, the liability of the Audit & Supervisory Board Member to the Company under Article 423, Paragraph 1 of the Companies Act shall be limited to the amount provided in Article 425, Paragraph 1 of the Companies Act.
 - (3) The relationship between each concurrent organization of Outside Audit & Supervisory Board Member candidates

and the Company is as follows.

Candidate for Outside Audit & Supervisory Board Member	Concurrent organization	Relationship with the concurrent organization as seen from the Company	Scale of transactions during the current consolidated fiscal year
Takashi Kimura	MUFG Bank, Ltd.	Borrowing of funds	Less than 2% of the Company's consolidated total assets (amount of borrowings as at the end of the fiscal year under review)
			Less than 0.1% of consolidated total assets of the concurrent organization (as of March 31, 2021)
	Mitsubishi Research Institute DCS Co., Ltd.	None	—
	MITSUBISHI GAS CHEMICAL COMPANY, INC.	None	—

- (4) Mr. Takashi Kimura has a career background with MUFG Bank, Ltd., which is a shareholder and source of financing for the Company, but as of March 31, 2022, the percentage of the Company's shares held by the Bank was less than 2.27%. In addition, the Company engages in transactions with numerous financial institutions and does not rely on MUFG Bank, Ltd. to the extent that it is an irreplaceable source of financing. Furthermore, it has already been twelve years since Mr. Takashi Kimura resigned from the Bank. Consequently, following the appointment of Mr. Takashi Kimura, the relationship between the bank and the Company in terms of shareholding and fund borrowing will not affect the management of the Company, and we believe that Mr. Takashi Kimura's independence is sufficiently ensured.
- (5) Mr. Takashi Kimura is scheduled to retire as outside audit & supervisory board member (full-time), MITSUBISHI GAS CHEMICAL COMPANY, INC on June 28, 2022.

Proposal 5: Election of 1 Substitute Audit & Supervisory Board Member

Mr. Shuzo Hashimoto was elected as Substitute Audit & Supervisory Board Member at the 152nd Annual Shareholders' Meeting of the Company held on June 26, 2018, however, the effective period of the election of Mr. Shuzo Hashimoto will expire at the beginning of this Annual Shareholders' Meeting. To prepare for cases where the number of Audit & Supervisory Board Members falls below the number required by laws and regulations, the Company proposes the election Mr. Shuzo Hashimoto as Substitute Audit & Supervisory Board Member in advance.

The effectiveness of the election of Mr. Shuzo Hashimoto may be cancelled based on the resolution of the Board of Directors, provided, however, that such cancellation is done only prior to the assumption of the office and with the consent of the Audit & Supervisory Board.

This proposal has been approved in advance by the Audit & Supervisory Board.

The candidate for Substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, positions and significant concurrent positions	Number of shares of the Company held
Shuzo Hashimoto (April 5, 1956) [Outside] [Independent] [Number of stock acquisition rights owned] 0 (Equivalent to 0 shares)	April 1987 Registered as attorney-at-law (Nagoya Bar Association) Joined Oguri Law Office April 1992 Established Hashimoto Law Office, Representative Partner (incumbent) April 2004 Vice President, Nagoya Bar Association (currently Aichi Bar Association) June 2020 Appointed as Outside Auditor, CKD Corporation (incumbent) (Significant concurrent positions) Representative Partner, Hashimoto Law Office Outside Auditor, CKD Corporation	0
[Reasons for the nomination of candidate for Outside Audit & Supervisory Board Member] Mr. Shuzo Hashimoto has professional expertise and extensive experience as an attorney, as well as experience and knowledge as an auditor of a listed company. The Company has judged that, he can contribute to improving the corporate value by auditing the management of the Company as whole through his experience and insights, and has therefore nominated him as a candidate for Substitute Outside Audit & Supervisory Board Member.		

(Notes)

1. There is no special interest between the candidate for Substitute Audit & Supervisory Board Member and the Company.
2. The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure its Directors, Audit & Supervisory Board Members, and Vice Presidents. The said insurance contract covers damages and expenses (including litigation cost) in the event that a claim for damages is made against the insured due to an act (including nonfeasance) committed in the course of their duties as directors, audit & supervisory board members and officers of the Company, and the entire premium is borne by the Company. If the appointment of a Substitute Audit & Supervisory Board Member is approved at this Shareholders' Meeting, and the Substitute Audit & Supervisory Board Member assumes office, the Audit & Supervisory Board Member will be included as the insured of the insurance contract. In addition, the Company plans to renew the insurance contract with the same contents.
3. Matters concerning the candidate for Substitute Outside Audit & Supervisory Board Member are as follows.
 - (1) Mr. Shuzo Hashimoto is a candidate for Substitute Outside Audit & Supervisory Board Member. If the appointment of Mr. Shuzo Hashimoto is approved at this Annual Shareholders' Meeting and Mr. Shuzo Hashimoto assumes office, the Company plans to file Independent Directors/Auditors Notification with Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. to designate him as Independent Auditor.
 - (2) Although Mr. Shuzo Hashimoto has never been involved in corporate management, the Company has judged that he is capable of performing his duties appropriately as Outside Audit & Supervisory Board Member due to the reasons stated in Reasons for the appointment of candidate for Substitute Outside Audit & Supervisory Board Member above.
 - (3) If the appointment of Mr. Shuzo Hashimoto is approved at this Annual Shareholders' Meeting and Mr. Shuzo Hashimoto assumes office, the Company intends to enter into a liability limitation agreement with Mr. Shuzo Hashimoto, which provides that if an Outside Audit & Supervisory Board Member is without knowledge and is not grossly negligent in performing his duties, the liability of the Audit & Supervisory Board Member to the Company under Article 423, Paragraph 1 of the Companies Act shall be limited to the amount provided in Article 425, Paragraph 1 of the Companies Act.
 - (4) The relationship between each concurrent organization of the candidate for Substitute Outside Audit & Supervisory

Board Member and the Company is as follows.

Candidate for Substitute Outside Audit & Supervisory Board Member	Concurrent organization	Relationship with the concurrent organization as seen from the Company	Scale of transactions during the current consolidated fiscal year
Shuzo Hashimoto	Hashimoto Law Office	None	—
	CKD Corporation	None	—

Proposal 6: Determination of Remuneration for the Purpose of Granting Restricted Shares to Directors (excluding Outside Directors)

The amount of compensation, etc. for the Company's Directors was approved at the 141st Annual Shareholders' Meeting held on June 28, 2007 and at the 151st Annual Shareholders' Meeting held on June 29, 2017 to be a maximum of 800 million yen per annum (including a maximum of 60 million yen for Outside Directors). In addition, separate from the abovementioned amount of compensation, etc. for Directors, the amount of compensation, etc. relating to stock options as stock-based compensation for the Company's Directors (excluding Outside Directors; hereinafter, "Eligible Directors") was approved at the 141st Annual Shareholders' Meeting and at the 155th Annual Shareholders' Meeting held on June 28, 2021 to be a maximum of 200 million yen per annum.

As part of a review of the officer compensation system, in order to increase sensitivity to the stock price, further share the advantages and risks from fluctuation in the stock price with shareholders, and increase the incentive to enhance corporate value over the medium and long term, the Company now proposes the payment of compensation for the purpose of granting restricted shares to Eligible Directors in place of the current system of stock options as stock-based compensation.

Accordingly, the Company proposes that the abovementioned provisions for compensation, etc. relating to stock acquisition rights for stock options as stock-based compensation be abolished, and instead, a total amount of monetary claims to be paid as compensation, etc. for the purpose of granting restricted shares to Eligible Directors be set at a maximum of 200 million yen per annum. In addition, the Company proposes that the specific timing and allocation of payments to each Eligible Director be determined by the Board of Directors following consultation with the Nomination and Compensation Advisory Committee, which has independent outside directors as the majority of its members.

If this proposal is approved, the system of stock options as stock-based compensation, excluding those stock options already granted, will be abolished, and going forward, no new stock acquisition rights for stock options as stock-based compensation will be issued to Eligible Directors.

At present there are nine Directors (including three Outside Directors). If Proposal 3: Election of Nine Directors is approved and passed as originally proposed, the number of Directors will remain unchanged.

In addition, Eligible Directors shall make in-kind contribution of all monetary claims paid in accordance with this proposal based on a resolution of the Board of Directors of the Company and shall receive shares of the Company's common stock that will be issued or disposed of by the Company. The total number of shares of the Company's common stock that will be thus issued or disposed of shall be a maximum of 50,000 shares per annum (however, in the event of circumstances necessitating an adjustment to the total number of shares of the Company's common stock that are issued or disposed of as restricted shares on or after the date on which this proposal is approved, such as a stock split of the Company's common stock (including the allotment of the Company's common stock at no consideration), reverse stock split or any other reason, the number of total shares shall be adjusted within a reasonable extent).

The amount paid per share shall be determined by the Board of Directors within an extent that is not especially advantageous to Eligible Directors in receipt of said common stock based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding each date of resolution by the Board of Directors meeting (if no transactions are concluded on that day, the closing price of the immediately preceding date). In addition, when thus issuing or disposing of the Company's common stock, the Company and Eligible Directors shall enter into a restricted share allotment agreement (hereinafter, "Allotment Agreement") whose contents shall include the following.

[Outline of the Allotment Agreement]

(1) Transfer Restriction Period

With regard to the Company's common stock allotted in accordance with the Allotment Agreement (hereinafter, "Allotted Shares"), during the period from the date of the allotment under the Allotment Agreement to the time immediately after the retirement from a position predetermined by the Company's Board of Directors from among the positions of executives and employees of the Company (hereinafter, "Transfer Restriction Period"), Eligible Directors may not transfer, establish a security interest on, or otherwise dispose of Allotted Shares (hereinafter, "Transfer Restrictions").

(2) Release of the Transfer Restrictions

Provided that Eligible Directors have continuously remained in any positions predetermined by the Company's Board of Directors from among the positions of executives and employees of the Company during a period predetermined by the Company's Board of Directors (hereinafter, the "Service Provision Period"), the Company shall release the Transfer Restrictions on all Allotted Shares upon the expiration of the Transfer Restriction Period. However, in the event that an Eligible Director retires from any and all

positions predetermined by the Company's Board of Directors from among the positions of executives and employees of the Company prior to the expiration of the Service Provision Period for a reasonable cause such as expiration of the term of office or death, the number of Allotted Shares for which Transfer Restrictions are to be released, and the timing thereof shall be reasonably adjusted as necessary. In addition, the Company shall, as a matter of course, acquire at no consideration all Allotted Shares for which Transfer Restrictions have not been released immediately after the release of the Transfer Restrictions in accordance with the above provisions.

(3) Treatment upon Retirement

In the event that an Eligible Director retires from any and all positions predetermined by the Company's Board of Directors from among the positions of executives and employees of the Company prior to the expiration of the period predetermined by the Company's Board of Directors, unless said retirement is due to expiration of term of office, death, or any other reasonable cause, the Company shall, as a matter of course, acquire the Allotted Shares at no consideration.

(4) Treatment in the Event of Organizational Restructuring, etc.

Notwithstanding the provisions in (1) above, in the event that, during the Transfer Restriction Period, the Company's General Meeting of Shareholders approves a merger agreement whereby the Company becomes the disappearing company, a share exchange agreement or share transfer plan whereby the Company becomes the wholly owned subsidiary, or any other matters pertaining to restructuring, etc. (however if the approval of the Company's General Meeting of Shareholders is not required for said organizational restructuring, etc., the Company's Board of Directors shall apply), the Company shall release the Transfer Restrictions on a reasonably determined number of Allotted Shares prior to the effective date of said restructuring, etc. by resolution of the Company's Board of Directors based on the period from the commencement date of the Transfer Restriction Period to the date of approval of said restructuring, etc. In addition, the Company shall, as a matter of course, acquire at no consideration all Allotted Shares for which Transfer Restrictions have not been released immediately after the release of the Transfer Restrictions in accordance with the above provisions.

(5) Other Matters

Other matters pertaining to the Allotment Agreement shall be determined by the Company's Board of Directors.

(Reference)

Following the conclusion of this Annual Shareholders' Meeting, the Company intends to allot restricted shares similar to the abovementioned restricted shares to corporate officers not concurrently serving as Director of the Company (excluding corporate officers who are non-temporary overseas residents).

[Reasons that the content of this proposal is appropriate]

This proposal establishes the payment of compensation for the purpose of granting restricted shares to Eligible Directors in order to increase sensitivity to the stock price, further share the advantages and risks from fluctuation in the stock price with shareholders, and increase the incentive to enhance corporate value over the medium and long term. The payment of compensation for the purpose of granting restricted shares contained in this proposal was decided by resolution of the Board of Directors following consultation with the Nomination and Compensation Advisory Committee, which has independent outside directors as the majority of its members. At the Board of Directors' meeting held on June 28, 2021, the Company revised "Policies for Determining Remuneration of Directors and Other Senior Management." However, the Board of Directors' meeting held on April 28, 2022 resolved to amend the policy as follows provided that this proposal is approved and passed as originally proposed. The content of this proposal is necessary and appropriate in order to determine the details of individual compensation for Directors in accordance with the revised policies.

In addition, as described above, the payment amount per share of the Company's common stock to be issued or disposed of by Eligible Directors will be determined by the Board of Directors within an extent that is not particularly advantageous. Even if the total number of shares to be issued or disposed of in one year is the upper limit of 50,000 shares, the ratio to the total number of issued shares for Eligible Directors to be issued or disposed of in one year (as of March 31, 2022) will be approximately 0.01%, the dilution rate of which is immaterial. Based on the above, the Company has determined that this proposal is appropriate.

Details of revisions to "Policies for Determining Remuneration of Directors and Other Senior Management" in

the event that this proposal is approved

(The proposed amendments are underlined.)

Current policies	Amended policies
<p><Basic View> The remuneration system for directors and other senior management has been established for the purpose of contributing to the Group’s sustainable growth and the enhancement of its medium-to-long-term corporate value by practicing the NGK Group Philosophy and realizing the NGK Group Vision. NGK reviews the level and composition, etc. of remuneration, etc. as necessary to determine whether they are appropriate in view of this purpose. NGK also endeavors to ensure the transparency and fairness of remuneration governance.</p> <p><Level of Compensation> When determining the level of compensation, we start by considering social and economic conditions and the business environment the Company is in. We then reference aggregate data on officer compensation from a reliable external survey firm and, when necessary, take into consideration the level of compensation at corporate groups of similar size or in the human resources market in Japan and overseas.</p> <p><Composition of Compensation> 1. We have established the following compensation structure from the perspective of promoting risk-taking to improve the performance of directors (excluding outside directors) and corporate officers, increase employee incentive, and instill a mindset of enhancing future corporate value. We also set an allowance for representative directors and an allowance for directors as part of the cash compensation component.</p> <ul style="list-style-type: none"> • Cash compensation (1): Annual basic compensation • Cash compensation (2): Performance-linked bonus that fluctuates according to performance each fiscal year • Stock-based compensation: <u>Stock options as stock-based compensation</u> linked to enhancement of corporate value over the medium and long-term through the stock price (However, we may employ an alternative method of <u>compensation in cases where stock-based compensation through stock options is not appropriate due to tax-related issues from residing overseas, or other reasons.</u>) 	<p><Basic View> Same as on left</p> <p><Level of Compensation> Same as on left</p> <p><Composition of Compensation> 1. We have established the following compensation structure from the perspective of promoting risk-taking to improve the performance of directors (excluding outside directors) and corporate officers, increase employee incentive, <u>promote value sharing with shareholders</u>, and instill a mindset of enhancing future corporate value. We also set an allowance for representative directors and an allowance for directors as part of the cash compensation component.</p> <ul style="list-style-type: none"> • Cash compensation (1): Annual basic compensation • Cash compensation (2): Performance-linked bonus that fluctuates according to performance each fiscal year • Stock-based compensation: <u>Restricted shares</u> linked to enhancement of corporate value over the medium and long-term through the stock price (However, we may employ an alternative method of <u>granting restricted shares to corporate officers who are non-temporary overseas residents.</u>)

Current policies	Amended policies
<p>2. Outside directors and Audit & Supervisory Board members Outside directors and Audit & Supervisory Board members are responsible for the management supervisory function and the management audit function, respectively. Because the focus is on independence from management, they are only paid a basic compensation and are not paid a performance-linked bonus and granted <u>stock options as stock-based compensation</u>. The compensation of individual Audit & Supervisory Board members is determined through discussion among the Audit & Supervisory Board.</p> <p><Details of Compensation></p> <p>1. Policy on determining the calculation method for basic compensation After determining the total level of compensation and the variable compensation components described in 2 and 3, below, an appropriate annual fixed salary is set as basic compensation. That amount is determined according to position.</p> <p>2. Policy on determining the details and calculation method for performance-linked indicators related to performance-linked bonuses Indicators include consolidated net sales, operating income, net income attributable to owners of the parent, capital efficiency, etc., as well as items designated by NGK as important medium-term management issues. The performance-linked bonus to be paid is calculated by comparing performance results for the fiscal year under review with the publicly disclosed performance targets and results for the previous fiscal year, and evaluating the degree to which medium-term management issues have been achieved in the fiscal year under review. The objective in calculating the performance-linked bonuses in this manner is target-based. The basic bonus amount (hereafter, the “basic amount”) is set for directors (excluding outside directors) and corporate officers by position, then permit a certain amount of variation in relation to the basic amount.</p>	<p>2. Outside directors and Audit & Supervisory Board members Outside directors and Audit & Supervisory Board members are responsible for the management supervisory function and the management audit function, respectively. Because the focus is on independence from management, they are only paid a basic compensation and are not paid a performance-linked bonus and granted <u>restricted shares</u>. The compensation of individual Audit & Supervisory Board members is determined through discussion among the Audit & Supervisory Board.</p> <p><Details of Compensation></p> <p>1. Policy on determining the calculation method for basic compensation Same as on left</p> <p>2. Policy on determining the details and calculation method for performance-linked indicators related to performance-linked bonuses Same as on left</p>

Current policies	Amended policies
<p>3. Policy on determining the details and calculation method of <u>stock options as stock-based compensation</u></p> <p>NGK grants <u>stock options as stock-based compensation</u> to directors (excluding outside directors) and corporate officers to increase their sensitivity to NGK's stock price, enable them to share the advantages and risks from fluctuation in the stock price with shareholders, and increase their incentive to enhance corporate value over the medium and long term. <u>The exercise price is set at one yen per share and conditions on exercising rights are that the stock options as stock-based compensation must be exercised within five years from the day on which one year has elapsed after the officer vacated the position.</u> Because the value of the stock options varies directly with the fluctuation in the stock price, a fixed monetary amount is not established for <u>stock options as stock-based compensation</u>; NGK sets a fixed number of shares to grant, based on position.</p>	<p>3. Policy on determining the details and calculation method of <u>restricted shares</u></p> <p>NGK grants <u>restricted shares</u> to directors (excluding outside directors) and corporate officers to increase their sensitivity to NGK's stock price, enable them to <u>further</u> share the advantages and risks from fluctuation in the stock price with shareholders, and increase their incentive to enhance corporate value over the medium and long term. <u>In principle, restricted shares are granted in advance and are required to be held during the tenure of the recipient. Transfer restrictions will be released upon the retirement from any and all positions predetermined by the Company's Board of Directors from among the positions of executives and employees of the Company. However, in the event of retirement for reasons other than a reasonable cause, the number of shares for which the transfer restrictions will be released and the timing thereof shall be reasonably adjusted, and the Company shall, as a matter of course, acquire at no consideration the restricted shares for which transfer restrictions have not been released immediately after the release of the transfer restrictions.</u> Because the value of the stock options varies directly with the fluctuation in the stock price, a fixed monetary amount is not established for <u>restricted shares</u>; NGK sets a fixed number of shares to grant, based on position.</p>
<p>4. Policy on determining the relative proportions of basic compensation, performance-linked bonus, and <u>stock options as stock-based compensation</u></p> <p>NGK's business is in a materials-based industry that handles many products which contribute to industrial and social infrastructure of people's lives and we focus on material technologies, production technologies and other technologies that we have developed on our own when creating new products and new business. Because of this, it takes a relatively long time to develop and launch new products and bring them to the point where they contribute to earnings. The Company therefore focuses on stability and improvement in performance over the medium and long-term. NGK has designed the variable component of compensation so that the sum of the performance-linked bonus amount and the conversion value of the <u>stock options as stock-based compensation</u> comprises an appropriate percentage of total compensation.</p>	<p>4. Policy on determining the relative proportions of basic compensation, performance-linked bonus, and <u>restricted shares</u></p> <p>NGK's business is in a materials-based industry that handles many products which contribute to industrial and social infrastructure of people's lives and we focus on material technologies, production technologies and other technologies that we have developed on our own when creating new products and new business. Because of this, it takes a relatively long time to develop and launch new products and bring them to the point where they contribute to earnings. The Company therefore focuses on stability and improvement in performance over the medium and long-term. NGK has designed the variable component of compensation so that the sum of the performance-linked bonus amount and the conversion value of the <u>restricted shares</u> comprises an appropriate percentage of total compensation.</p>

Current policies	Amended policies
<p>5. Timing of payment or granting compensation Annual fixed basic compensation is paid at the end of each month in 12 equal installments. Performance-linked bonuses are paid at the end of June each year, in an amount reflecting the final results for the previous fiscal year. <u>Stock options as stock-based compensation are allocated by resolution of the Board of Directors as stock acquisition rights</u> within one month after a director or corporate officer is elected.</p> <p><Compensation Governance></p> <p>1. Authority of the Nomination and Compensation Advisory Committee concerning officer compensation The Nomination and Compensation Advisory Committee, which has independent outside directors as a majority of its members, deliberates on inquiries received from the Board of Directors concerning matters relating to compensation of directors, corporate officers, and Audit & Supervisory Board members, and reports back to the Board of Directors on its conclusions.</p> <ul style="list-style-type: none"> • Policy and procedures for determining compensation • <u>Proposals concerning the overall range of compensation for directors and Audit & Supervisory Board members</u> • <u>Proposals concerning the details and amounts of individual compensation for directors and corporate officers</u> 	<p>5. Timing of payment or granting compensation Annual fixed basic compensation is paid at the end of each month in 12 equal installments. Performance-linked bonuses are paid at the end of June each year, in an amount reflecting the final results for the previous fiscal year. <u>For restricted shares, all monetary compensation receivables to be paid to each eligible person based on a resolution passed at a Board of Directors' meeting held within one month after a director (excluding outside directors) and corporate officer is elected, shall be paid as in-kind contribution on a payment date stipulated within one month of said resolution by the Board of Directors, and the common stock of the Company shall be granted.</u></p> <p><Compensation Governance></p> <p>1. Authority of the Nomination and Compensation Advisory Committee concerning officer compensation The Nomination and Compensation Advisory Committee, which has independent outside directors as a majority of its members, deliberates on inquiries received from the Board of Directors concerning matters relating to compensation of directors, corporate officers, and Audit & Supervisory Board members, and reports back to the Board of Directors on its conclusions.</p> <ul style="list-style-type: none"> • Policy and procedures for determining compensation • <u>The upper limit of the total amount of compensation for directors and Audit & Supervisory Board members</u> • <u>Basic compensation according to each individual's position, basic amount of performance-linked bonuses, and the number of restricted shares to be granted to directors and corporate officers (level of monetary claims to be paid as compensation for the purpose of granting restricted shares)</u> • <u>Payment amounts of individual performance-linked bonuses for directors, and actual payment amounts of individual performance-linked bonuses for corporate officers shall be confirmed by the Nomination and Compensation Advisory Committee at the request of the Board of Directors, and reported to the Board of Directors.</u>

Current policies	Amended policies
<p>2. <u>Delegation of authority to representative directors</u> After sufficient consideration of the conclusions of the Nomination and Compensation Advisory Committee, the Board of Directors <u>has delegated determination of compensation for directors and corporate officers to the representative directors for discussion among themselves. The names, positions, and responsibilities of the representative directors to whom this is delegated are listed below.</u> <u>Representative Director and Chairman: Taku Oshima</u> <u>Representative Director and President: Shigeru Kobayashi</u> <u>Representative Director and Executive Vice President: Hiroshi Kanie and Chiaki Niwa</u> <u>The specific authorities delegated are as follows:</u></p> <ul style="list-style-type: none"> • <u>Preparation of proposals on policy and procedures for determining compensation</u> • <u>Preparation of proposals on the range of compensation for directors and Audit & Supervisory Board members</u> • <u>Preparation of proposals on basic compensation according to position, basic amount of performance-linked bonuses, and the number of stock options to grant as stock-based compensation for directors and corporate officers</u> • <u>Calculation of the actual performance-linked bonus amounts to be paid to directors (excluding outside directors) and corporate officers</u> • <u>Determination of matters other than the proposal mentioned above, within the scope approved by resolution of the Board of Directors after considering the deliberations and conclusions of the Nomination and Compensation Advisory Committee.</u> 	<p>2. <u>Decisions by resolution of the Board of Directors</u> After sufficient consideration of the conclusions of the Nomination and Compensation Advisory Committee, the Board of Directors <u>determines by resolution the amount of basic compensation according to each individual position of directors and corporate officers, the basic amount of performance-linked bonuses, the number of restricted shares to be granted (level of monetary claims to be paid as compensation for the purpose of granting restricted shares), and the amount of performance-linked bonuses to be paid to individual directors.</u></p>

(Reference)

Independence Standards for Independent Outside Directors

To designate a director as independent of the Company (hereinafter, “independent director”), the director must fulfill the requirements for outside director specified in the Companies Act and for independent director, by the Tokyo Stock Exchange and must not fall under any one of the following provisions. However, the Company may make an exception and deem a person independent in light of his or her character, knowledge, and other attributes, as long as the person meets the requirements of the Companies Act and Tokyo Stock Exchange and the Company provides an external explanation of why he or she is deemed independent.

In these standards for determining independence, a business executive refers to an executive director, corporate officer, corporate officer or other employee, and NGK Group refers to NGK and its subsidiaries or affiliates.

1. A major shareholder who holds 10% or more of current voting rights in NGK, or who was a business executive of the corporation if the major shareholder is a corporation during the last three fiscal years, including the most recent fiscal year.
2. A current business executive of a business partner of the Company which has engaged in transactions with the NGK Group totaling 2% or more of consolidated net sales for either party in any of the last three fiscal years, including the most recent fiscal year.
3. A person who was a business executive in a corporation that is a financial institution or other major creditor which is absolutely essential in financing the NGK Group and for which no alternatives exist, in the past three fiscal years, including the most recent fiscal year.
4. A current director or officer of an organization that has received donations or grants totaling 10 million yen/year or 30% of total average annual expenses of the organization, whichever is greater, from the NGK Group in any of the past three fiscal years, including the most recent fiscal year.
5. A certified public accountant (CPA) or tax accountant, or a current employee of an accounting auditor or tax accounting firm who served as an accounting auditor or accounting advisor of the NGK Group in the past three years, including the most recent fiscal year.
6. An attorney, certified public accountant, tax accountant, or other consultant who does not correspond to any of the individuals mentioned above in 5, who received 10 million yen/year or more in cash and other assets in addition to officer compensation in any of the past three fiscal years, including the most recent fiscal year, or who is a current employee, etc. of a law firm, accounting auditor, tax accounting firm, consulting firm, or other organization that provides expert advice and that organization has received payments from the NGK Group totaling 2% or more of total consolidated net sales in any of the past three fiscal years, including the most recent fiscal year.
7. A person who was a business executive in a company in which NGK is currently a major shareholder, in the past three fiscal years, including the most recent fiscal year.
8. A spouse or relative within the second degree of kinship of a person mentioned above in 1 through 7.

[Policies and procedures concerning the nomination of candidates for officers and the appointment and dismissal of senior management]

(Policies concerning nomination, appointment, and dismissal)

The NGK Group is mainly engaged in the manufacturing business supplying raw materials such as ceramics and related products to diverse business domains and a wide range of areas including overseas. NGK's senior management, which comprises representative directors and directors with special titles, as well as directors and corporate officers who assume business execution are, regardless of gender, age, or nationality, required to make business judgments and decisions based on their respective profound knowledge in the business operations of each NGK Group business field, manufacturing technology, research and development as well as their knowledge of finance, legal affairs, and labor affairs, and standing audit & supervisory board members are also required to conduct audit based on their expert knowledge in finance and knowledge obtained through individual business experience. Therefore, in nominating candidates for directors and standing audit & supervisory board members, NGK places emphasis on practical business experience in manufacturing technology, research and development, sales, planning, etc., in each business field, leadership, as well as on whether or not they have expertise, such as in finance, legal affairs, and labor affairs. With regard to outside directors and outside audit & supervisory board members, NGK nominates candidates from among persons who have a high level of expertise in legal knowledge, corporate finance and others, as well as knowledge of international affairs, social and economic trends, technology trends, and corporate management. The Articles of Incorporation of NGK stipulate that the prescribed number of directors shall not exceed fifteen.

In appointing representative directors and directors with special titles, NGK places emphasis on the capabilities to discern and formulate countermeasures for issues faced by the NGK Group, and on leadership skills required to demonstrate the ideal state of the NGK Group and spur the organization into action. On the other hand, when representative directors or directors with special titles commit a grave violation of laws and regulations, the Articles of Incorporation of NGK or other regulations of the NGK Group, or when a situation arises that would seriously impede their execution of duties, they may be dismissed if the Nomination and Compensation Advisory Committee has deemed the dismissal as appropriate and the Board of Directors have made a resolution on the dismissal.

The above policy is deliberated at the Nomination and Compensation Advisory Committee, which has outside directors/audit & supervisory board members as a majority of its members, and results thereof are reported to the Board of Directors.

(Procedures concerning nomination, appointment, and dismissal)

With regard to the nomination of candidates for directors and audit & supervisory board members, all representative directors deliberate on each candidate, and obtain approval from the Audit & Supervisory Board regarding the candidates for audit & supervisory board members. In addition, the nomination of each of the candidates for directors and audit & supervisory board members, as well as the appointment and dismissal of representative directors and directors with special titles are deliberated at the Nomination and Compensation Advisory Committee, which has outside directors/audit & supervisory board members as a majority of its members. By having the Committee report the results thereof to the Board of Directors, NGK strives to ensure fairness, transparency and timeliness in the procedures concerning nomination, appointment, and dismissal. At the Board of Directors' meeting, candidates for directors and audit & supervisory board members are

nominated, compliant to the reporting procedures of the Committee, as an agenda (proposal) for the General Meeting of Shareholders. After the directors are elected at the General Meeting of Shareholders, in consideration of reports of the Committee, the Board of Directors shall appoint the representative directors and directors with special titles.