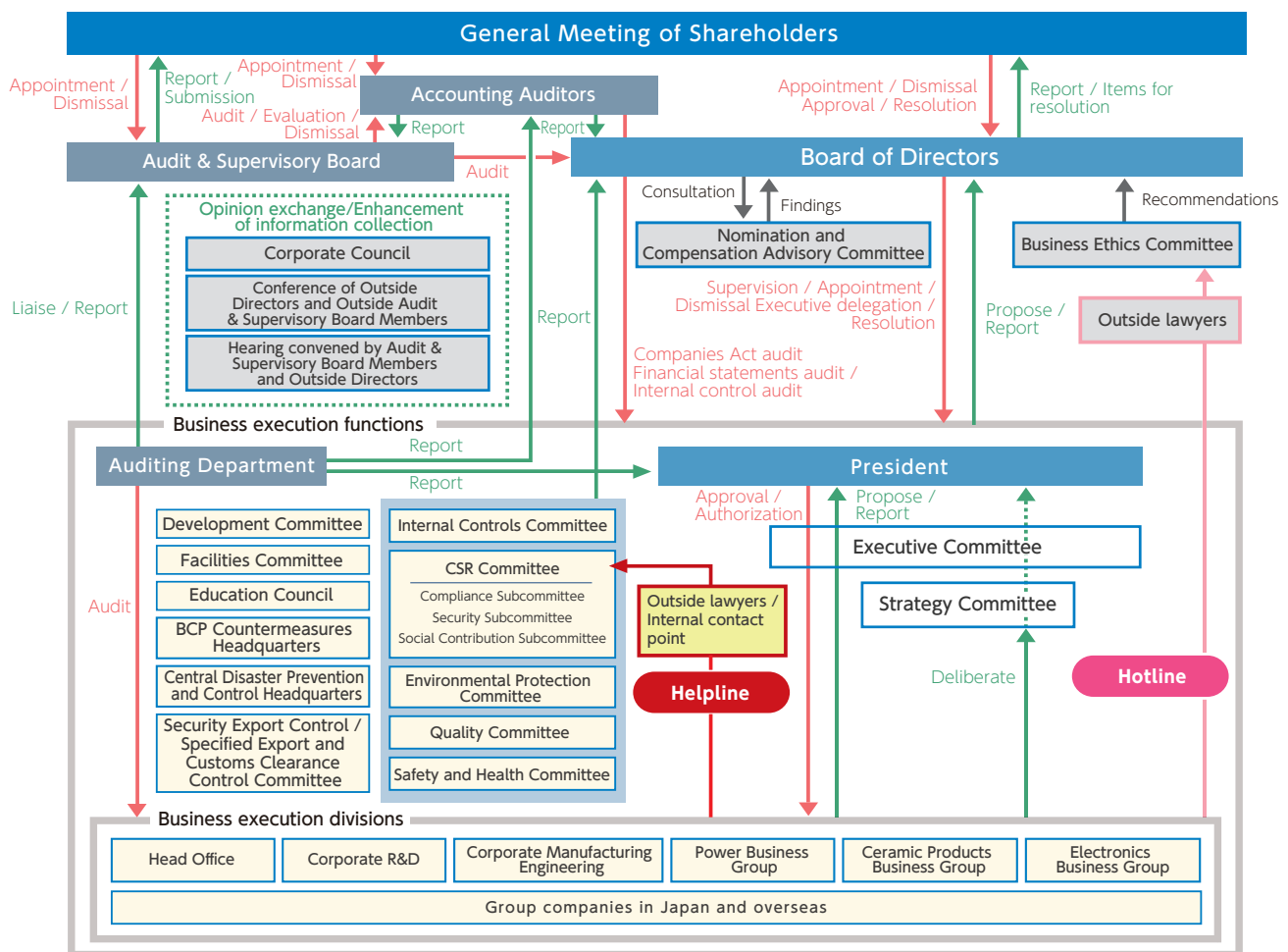


Corporate Governance

NGK aims to become a trusted company among all of our stakeholders. At the foundation of our corporate governance is the securing of the legal compliance of our business and the transparency of our management, the formation of an organizational scheme that can swiftly respond to changes in the business environment, and the building and preserving of a fair management system that prioritizes shareholders. To these ends, NGK has selected to establish an Audit & Supervisory Board. Further, NGK has established an Executive Committee and various other committees to assist the president in decision-making and to make governance work more effectively.

Corporate Governance System

We have built the following corporate governance scheme to secure the legal compliance of our business and the transparency of our management, to swiftly respond to changes in the business environment, and to build and preserve a fair management system that prioritizes shareholders.



Committees to Enhance Transparency

<p>Business Ethics Committee</p> <p>Monitors malfeasant activity with the potential to seriously impact management.</p>	<p>Nomination and Compensation Advisory Committee</p> <p>Reports on the personnel affairs and remuneration of executives.</p>
<p>Corporate Council</p> <p>A venue for the free exchange of opinions by outside executives and representative directors.</p>	<p>Conference of Outside Directors and Outside Audit & Supervisory Board Members</p> <p>Venue for outside executives to exchange opinions among themselves regarding management matters.</p>
<p>Hearings convened by Audit & Supervisory Board Members and Outside Directors</p> <p>Venue for the collection of information on the business environment and issues.</p>	

Whistle-Blowing System

Helpline **Hotline**

We have established Helpline to receive inquiries and reports from employees aimed at curtailing and preventing activities contrary to the spirit of the NGK Group Guidelines for Corporate Behavior. We also established Hotline as an internal control system for responding to fraud and legal infractions committed by senior management, including Competition Law and Anti-Corruption laws and regulations violations.

Comments from Outside Directors

Understanding Compliance from a Global Perspective

In December of 2015, NGK reformed its governance scheme. In recent years the remuneration of executives has become a hot topic within corporate governance in Japan, and NGK aims to build a governance scheme to address this, including establishment of the Nomination and Compensation Advisory Committee. I also feel that NGK has overcome various problems with respect to compliance, and we are moving in a very positive direction. Originally, compliance was focused on operations in the head office however, we are now advancing to the point where NGK's wide-ranging corporate activities can be viewed from a global perspective. I believe that it is important to enliven discussion on long-term strategy to improve corporate value while citing future problems and to make efforts to optimize our corporate portfolio for the next generation. Business strategy and governance are one in the same thus, as we globalize, we will be called upon to even further strengthen our efforts in this area.



Hiroyuki Kamano
Outside Director

Remaining Incisive towards Issues Is Crucial

It has been six terms now since I became involved in the management of NGK as an outside director, and I feel that the corporate governance of NGK has progressed very well over these past few years. In the area of risk management, it is crucial to create a system that can discern risks, clarify the decision-making process, and verify and accurately respond when problems do arise. Additionally, it is also important for everyone in the company, from the management to the employees, to share an incisiveness about whether or not there is an internal problem. On this point, I feel that after repeated communication and training, the mentality of the employees has changed. Another important role for corporate governance is to endeavor for the continued success of the company. For NGK, it is important to properly refine basic technology, discern the potential of its technology and seek to apply these in new friends. Specific efforts, such as "2017 Challenge 30", are already underway, so I expect to see momentum develop there for major leaps forward in the future.



Toshio Nakamura
Outside Director

Using a Technological Perspective to Become Involved in Both the Workplace and in the Business

I have had a strong impression of NGK as a highly technical and research-oriented company from the outside. I was appointed as an outside director beginning in 2017. I hope to bring new potential to NGK when developing new technology by providing my outsider's perspective as the first technological development-related outside director. To that end, I hope to engage in discussions with the people in development and to actively visit the workplace. I also believe that I can play a role in sharing my knowledge on the culture and rules of the electronics industry from my own abundant experience in the field of electronics, when NGK further penetrates the electronics industry. I would like to contribute to the future growth of NGK from perspectives that have been absent within the company and in new ways that no one has been aware of up to now.



Emiko Hamada
Outside Director