

Communication with Stakeholders

The NGK Group promotes shareholder-oriented management emphasizing capital efficiency across the entire Group and strives to improve corporate value with the goal of realizing sustainable growth.

Basic Approach

NGK is engaged in the maximization of corporate value through two-way communication with shareholders and investors, including efforts to provide accurate and timely explanations regarding management conditions and policies.

NGK makes best efforts to promote constructive dialogue through sincere responses to requests for interviews with shareholders and investors, questions raised at general shareholder meetings, and inquiries sent through NGK's website. These responses are facilitated under the guidance of the directors in charge of the Finance and General Affairs departments, which work in close cooperation with the Corporate Strategy Office, the Corporate Communications Department, and the Legal Department when necessary.

NGK also places importance on direct dialogue with institutional investors, conducting biannual earnings presentations and overseas IR road shows led by senior management.

As for dialogue with individual investors, we took part in an IR event organized by the Nikkei Inc. newspaper company.

The details of these dialogues are regularly reported to the Board of Directors. This management feedback is used to improve management efficiency and transparency.

Shareholder and investor dialogues are conducted with the objective of increasing corporate value and capital efficiency, as well as promoting sustainable growth. The disclosure of material information not already publicly available within the context of these dialogues constitutes damage to the equality between shareholders. In principle, NGK does not disclose unannounced material information.

Disclosure of Corporate Information

We will release, in an accurate and timely manner, any information sought by the public; including information on our management, finance, products, and services to improve transparency in management and to gain society's trust in NGK Group companies.

Behavioral Guidelines

- We will promptly disclose any information required by society in accordance with applicable laws, regulations, and our internal rules.
- We will establish and adequately operate a mechanism for internal control relating to financial reports to disclose accurate financial information.
- We will make a good faith effort to answer any inquiry from customers pertaining to our products and services, providing responses in an appropriate manner.

Reference
URL

NGK Group Guidelines for Corporate Behavior
<https://www.ngk-insulators.com/en/info/governance/index.html>

Open Shareholder Meetings

NGK endeavors to hold open shareholder meetings that its shareholders feel welcome to attend. Every year, we introduce NGK corporate activities at the shareholder meeting with booths displaying product exhibits explained by NGK staff.

We also make efforts toward expanding shareholder meeting-related information, including the following:

(1) Mailing a convocation notice well in advance	Sent 22 days prior to the meeting date.
(2) Disclosing information on the website well in advance	Announced four days before convocation notices are sent out (since fiscal 2018).
(3) Taking part in the Tokyo Stock Exchange (TSE) Electronic Voting Platform*	Online voting system made available.
(4) Posting shareholder meeting documents on the website	Documents such as convocation notices, the results of vote execution, notices of resolution, and extraordinary reports are disclosed on the website. <div style="background-color: #006633; color: white; padding: 5px; border-radius: 10px; display: inline-block;"> General Meeting of Shareholders-related information https://www.ngk-insulators.com/en/ir/meeting/index.html </div>

*TSE Electronic Voting Platform: An electronic voting system operated by TSE. It allows people to vote not only through the conventional printed materials but also via the Internet, making the process more convenient for shareholders in Japan and overseas.

Two-Way Communication

In addition to regular presentations held in Japan and overseas, the NGK Group conducts one-on-one meetings and participates in interviews among other ongoing initiatives to expand dialogues with institutional investors. NGK senior management also visits and conducts one-on-one discussions with institutional investors in Japan and overseas.

Activities in Fiscal 2017

Activities	Details
Japan	Senior management conducted presentations for analysts and institutional investors twice this year. They also conducted one-on-one meetings and participated in interviews.
Overseas	Senior management conducted overseas IR meetings targeting analysts and institutional investors twice this year.
Online IR Library	Included financial reporting information, the timely disclosure of non-financial reporting information, securities reports, annual reports, General Meeting of Shareholder materials, and other information.

Reference
URL

Investor Relations

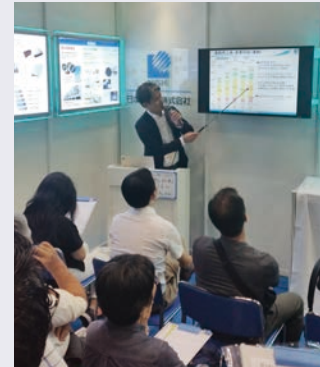
<https://www.ngk-insulators.com/en/ir/index.html>

TOPIC

Participation in Individual Investor IR and Investment Fair

The Nikkei IR and Investment Fair (organized by Nikkei Inc.) was held at the Tokyo Big Sight exhibition center in August 2017.

This event attracted over 100 corporate groups who set up booths during the two-day event that drew around 17,000 individual investors. The NGK booth received around 500 visitors, to whom we provided an explanation of what NGK does and of its potential for growth. Through this sort of direct dialogue, we were able to provide investors with a better understanding of, and stimulate greater interest in, what we do.



Measures for Returning Profits to Shareholders

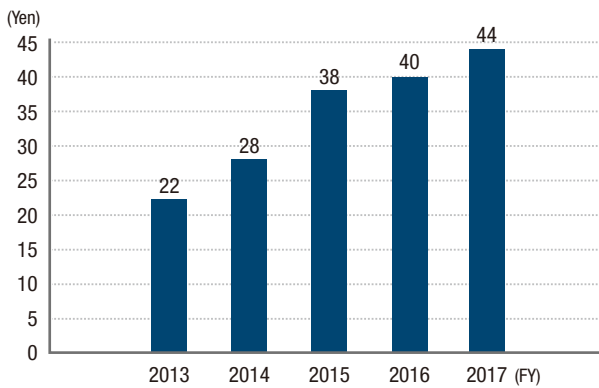
At NGK, returning profits to shareholders is considered one of the highest management priorities.

As a basic policy, we aim for management that focuses on shareholders and ROE. Based on this basic policy, we share profits while comprehensively taking account of our business performance, financial structure, and future business development. Our medium-term benchmark for the consolidated payout ratio is around 30%.

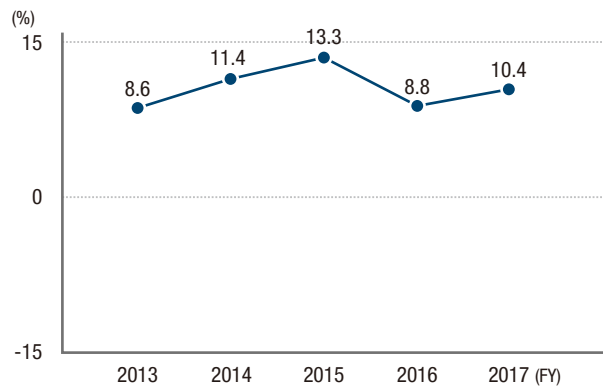
In fiscal 2017, we increased the annual dividend by 4 yen to 44 yen per share. The consolidated payout ratio stood at 30.9%.

We will keep striving to secure profitability above the capital cost and to maintain financial soundness. We opt to proactively return profits to our shareholders from the medium- to long-term perspective.

Dividends per Share



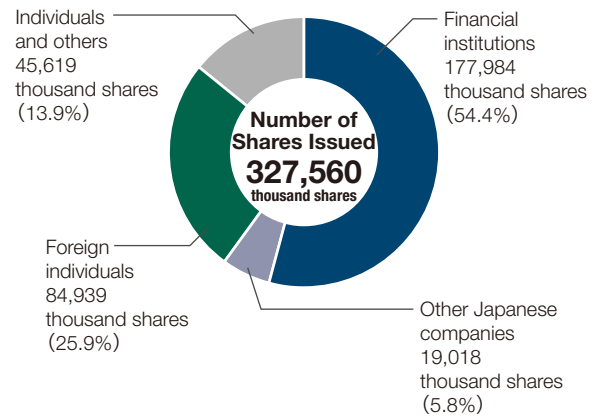
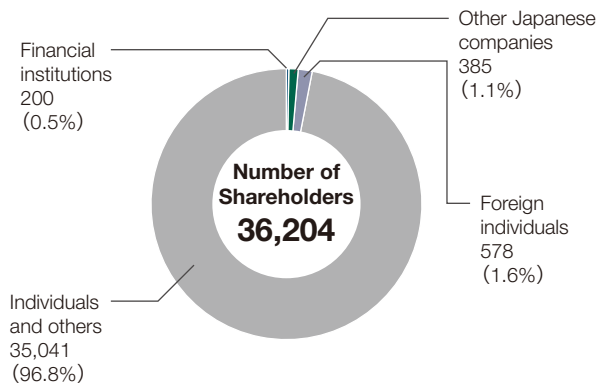
Return on Equity (ROE)



Shareholder Information

Stock Information (as of March 31, 2018)

Total number of shares authorized	735,030,000
Total number of shares issued	327,560,196
Number of shareholders	36,204



Major Shareholders (as of March 31, 2018)

Name of shareholder	Number of shares held (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	36,350	11.29
Japan Trustee Services Bank, Ltd. (Trust Account)	24,261	7.54
The Dai-ichi Life Insurance Company, Limited	21,457	6.66
Meiji Yasuda Life Insurance Company	18,695	5.81
Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,292	3.19
JP Morgan Chase Bank 380055	6,071	1.88
National Mutual Insurance Federation of Agricultural Cooperatives	5,799	1.80
Japan Trustee Services Bank, Ltd. (Trust Account 5)	4,663	1.44
State Street Bank West Client – Treaty 505234	4,597	1.42
Aioi Nissay Dowa Insurance Co., Ltd.	4,387	1.36

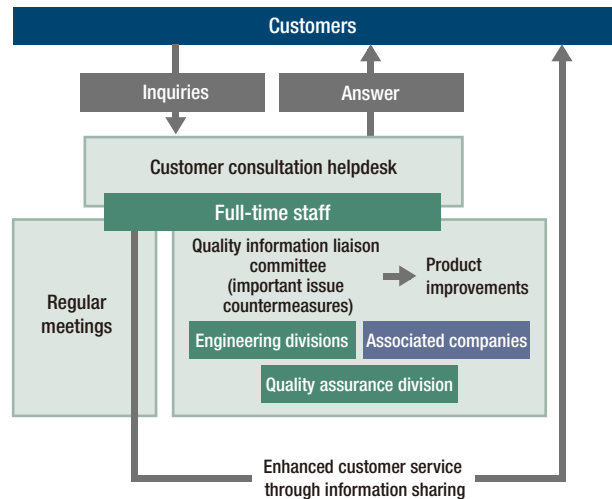
Note: The above list of major shareholders does not include NGK, which holds a total of 5,794 thousand treasury shares. The shareholding ratios above are calculated based on the number of shares derived by deducting the number of treasury shares (5,794,181) from the number of shares issued, and rounded down to two decimal places.

System for Making Use of Customer Feedback in Management

Establishment of a Customer Consultation Helpdesk

As the top industrial ceramics manufacturer in the industry, NGK makes use of its accumulated technologies to manufacture and sell C1 home-use water purifiers and promotes the creation of mechanisms for reflecting customer feedback.

We set up an C1 inquiry service for customers to create a mechanism for reflecting customer feedback in our products and services. During fiscal 2017, we received around 8,000 inquiries via phone and e-mail on various issues, including installation methods, product performance, requests for catalogs, and requests for repair and installation.



Customer Cards

We also respond to various customer feedback provided on customer cards sent from the customers who purchased the C1.

Information on the customer card is added to a list and then used to improve the service we provide for our customers, such as notifying them when it is time to replace the cartridge.



Dialogue with Employees

Distributing the Latest Information on CSR Activities on the CSR-Web

The CSR-Web was established on our intranet to introduce Group CSR initiatives with the intent of inculcating an awareness of CSR among all NGK domestic Group employees. In addition to sharing CSR topics with all employees and presenting objectives for each area, information on the site is regularly updated to include CSR Committee meeting discussions and, in principle, all Q&A between senior management and general employees who attend the CSR Talk Live event in an attempt to provide a wealth of content only available on this website.

In fiscal 2016, we started publishing a monthly Compliance Newsletter, introducing and explaining familiar themes with four-frame comics.



Reference Page

Compliance Newsletter

P121

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On-Site Visits by Management

As part of NGK’s commitment to bottom-up management, President Oshima visits various sites—including headquarters departments, business units, sales offices, and production bases across the world—to engage in direct dialogue with employees.

In December 2017, President Oshima visited NGK Ceramics South Africa (ACS), and on the 11th he visited the Abu Dhabi office of the Power Business Group.

At ACS he met with managers from each department and listened intently and asked occasional questions as they provided him with activity reports. In Abu Dhabi he visited the under-construction NAS battery installation outside the city and strongly urged employees to do their best to push ahead despite the difficult environment.



CSR Talk Live (Dialogue with Employees Aimed at Practicing CSR)

To deepen employees' understanding of CSR and its initiatives, the NGK Group conducts CSR Talk Live, a talk event facilitating direct discussion with senior management held at all domestic sites since 2009.

In fiscal 2017, a total of 10 events were held at six locations, including Group companies, and were attended by around 420 employees. At the Talk Live event, the Senior Vice President and the CSR Committee Chair talked about CSR initiatives by the NGK Group, stressing the importance of CSR. Then, representatives from the Environmental Management Department and the CSR Promotion Office detailed the NGK Report 2017 (internal edition), using specific examples.

The employees who attended the event asked many questions and offered feedback on various initiatives, such as the environment, CSR, and helplines.

CSR Talk Live Events Held in FY2017 (location, date, no. of participants)

Site/group company	Date	Persons
Nagoya Site	December 7	46
	January 16	42
	January 25	50
NGK Ceramic Device Yamanashi	December 12	39
NGK Electronics Devices Yamaguchi	January 10	99
	January 11	
Chita Site	February 2	50
NGK Ceramic Device Komaki	February 6 (held twice)	59
Komaki Site	February 22	34



Cumulative total number of participants (2009–2017) **3,758**

CSR Talk Live Questions and Answers (Excerpt)

● Environment

Q Please tell us what specific initiatives are contained in the Five-Year Environmental Action Plan.

A Manufacturing line innovations, energy-saving kilns, ongoing improvement activities, utilization of heat insulating materials, waste heat regeneration burning, and other initiatives are being used to achieve environmental improvement alongside improved productivity and yields.

● Safety

Q Even with the installation of AEDs, we still do not understand how to use it. Would you agree that more training is needed?

A We agree completely. We will work with the relevant departments to have this training implemented.

● Corporate Governance

Q I feel that the UN Global Compact, SDGs, and biodiversity are of great importance; however, what can we as employees specifically do about them?

A Please keep following the Guidelines for Corporate Behavior. We realize that the current guidelines are not robust enough with regard to issues like human rights, and we will work on revising them. We are also recruiting volunteers to take part in biodiversity-related activities. We plan on promoting greater participation from employees.

Q What is there to stop the identities of employees contacting helplines from being revealed?

A Our number one priority is protecting the identities of those who contact helplines. No one must ever suffer negative repercussions for contacting a helpline. This is where the majority of our attention is being paid.

● CSR

Q How do the NGK Group's CSR activities compare in terms of personnel and cost to those of other, similarly-sized companies?

A Making a comparison based on human and financial resource commitments to CSR activities is difficult due to the fact that different companies have different approaches and different situations; however, we do make use of outside assessments to help us improve our CSR activities.

Communication Activities with Procurement Partners

Earnings Presentations for Suppliers

NGK held an earnings presentation meeting for major suppliers in June 2017, which was attended by 210 participants from 120 companies.

In the meeting, the director in charge of purchasing explained the company's plan to expand production and asked the suppliers for stronger ongoing support and cooperation. This was followed by the finance director's briefing on NGK's business results and an explanation by the purchasing director about NGK's systematic capital investment initiatives as well as activities to address procurement stability and supply chain CSR procurement-related issues.



Suppliers invited to the earnings presentation

Ongoing Operation of the Supplier Helpline

In 2008, NGK established the supplier helpline system. Receiving consultation via e-mail, fax, and telephone, we make an effort to respond with solutions quickly.

Reference
URL

Supplier Helpline

<https://www.ngk-insulators.com/en/info/procure/>

Visiting Individual Suppliers in Japan and Overseas

In order to ensure procurement from the most appropriate suppliers, NGK visits individual suppliers in Japan and overseas to conduct on-site audits, evaluating their QCD (quality, cost, and delivery) performance in a fair and equitable manner. In fiscal 2017, we visited a total of 111 suppliers: nine new suppliers and 102 existing suppliers.

Following the visit, we explained audit results to each company, and asked them to conduct improvement measures in underperforming areas. Through these activities, we strive to strengthen our QCD management system as well as to communicate with our suppliers to forge a relationship of mutual trust.