



Your Dreams, Our Challenge

AGC REPORT 2018



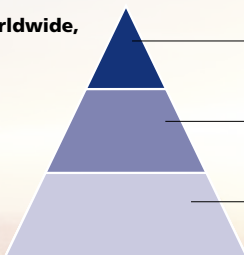
Your Dreams, Our Challenge

“Your Dreams, Our Challenge” is the AGC Group’s brand statement created to fulfill Our Mission under the Group Vision “Look Beyond”. Since its foundation, the AGC Group has always taken up new challenges to make people’s lives better. Working as one team, we will strive to further enhance the corporate value of the AGC Group.

AGC Group Vision

“Look Beyond”

We will continue to create value worldwide, demonstrating the vast potential of the Group’s entire organization.



Structure and elements of “Look Beyond”

Our Mission

“Our Mission” expresses the value that the Group should offer to the world, and represents the reason why the AGC Group exists.

Our Shared Values

“Our Shared Values” expresses the key ideas that all AGC Group members must share as the basis for every action we take.

Our Spirit

This founding spirit is precisely the ‘AGC spirit’ that has been handed down from generation to generation and shared by all Group members.

Our Mission

AGC, an everyday essential part of our world

—AGC’s unique materials and solutions make people’s lives better around the world every day—

We, the AGC Group, aim to continue being the “first choice” solution provider for our customers by building long-term trusted relationships with them through unique materials and solutions developed using our wide-ranging material and production technologies. We will continue offering products and solutions that customers and society need, thereby making people’s lives better around the world every day.

Our Shared Values

Innovation & Operational excellence

- Diversity**
- Environment**
- Integrity**

Our Spirit

“Never take the easy way out, but confront difficulties.”

The founding spirit of Toshiya Iwasaki, who established Asahi Glass Company in 1907.

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Brand Statement

Your Dreams, Our Challenge

- Never take the easy way out, but confront difficulties
- Trust is the best way to inspire people
- Strive to develop technologies that will change the world
- A sense of mission leads us to advance

For more than a century, AGC has been guided by these founding spirits. Our unique materials, solutions and reliable partnerships have facilitated leading innovations across diverse industries and markets.

Today, by working with others to combine knowledge and advanced technology, we help make ever greater achievements possible, and bring bolder ideas to life.

Your Dreams, Our Challenge

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From Asahi Glass Co., Ltd. to "AGC Inc."

In 1907, we started business in Amagasaki, Hyogo prefecture, with the aim of establishing domestic production of flat glass. Since then, we have strived to diversify and globalize its businesses under the corporate philosophy of the company founder. On July 1, 2018, we changed our company name to "AGC Inc." from Asahi Glass Co., Ltd.

Global Business Expansion



Founder Toshiya Iwasaki

1907
Asahi Glass Company (now AGC Inc.) established in Amagasaki, Hyogo Prefecture, by Toshiya Iwasaki.

1914
The first export of flat glass to England.

1917
Headquarters moved to Tokyo.

1900

Evolution of Products and Technologies

1909
Mass production of flat glass using a Belgian method of producing glass with hand-blown cylinders begins for the first time in Japan.



1916
In-house production of long-lasting refractory bricks for melting furnaces begins.

1917
In-house production of soda ash, a key raw material for glass, begins in Kitakyushu.



1925
Shoko Glass Co., Ltd. established in China as the company's first business outside Japan.

1933
The Asahi Foundation for Chemical Industry Promotion (now the Asahi Glass Foundation) established to commemorate its 25th anniversary.

1937
Stocks listed on the Tokyo Stock Exchange.

1920

1928
Production of flat glass by the Fourcault process begins.



1933
Caustic soda production using the ammonia method begins.

1938
Production of tempered glass and laminated glass begins.

1939
Production of refractory bricks begins at the Iho Plant.

1952
Agreement concluded to export caustic soda electrolysis equipment to Indonesia.

1955
Deming Prize received for quickly adopting quality management.



1956
Glass manufacturing subsidiary established in India, demonstrating progress in expanding internationally ahead of other Japanese companies.

1957
Asahi Glass Scholarship Foundation established to commemorate its 50th anniversary.

1940

1954
Production of double-glazing units PairGlass™ begins.

1955
Manufacture of glass bulbs for television picture tubes begins.



1956
Automotive glass business launched on a full scale to respond to rapidly growing demand.



1964
Entry into the flat glass market in Thailand.



1972
Glass production operations commence in Indonesia.



1960

1961
Production of propylene oxide and propylene glycol begins.

1966
Production of float glass begins.



1972
Product development of AsahiGuard™ water and oil repellants and Aflon™ COP fluorinated resins begins.

1975
Development of the Flemion™ fluoropolymer ion-exchange membrane electrolysis method for manufacturing caustic soda.

1981
Glaverbel S.A. in Belgium acquired. Full-scale entry in Europe's flat glass market.



1985
Full-scale entry of the automotive glass business in the United States.

1986
Full-scale entry of the chlor & alkali business in Indonesia.

1997
Entry into Russia's glass market.



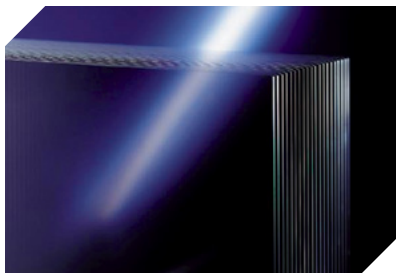
1980

1980
AZEC System, a new ion-exchange membrane electrolyzer, developed.

1982
Production of LUMIFLON™ fluoropolymer resin for coatings begins.

1990
CYTOP™ transparent amorphous fluoropolymer developed.

1995
Production of glass substrates for TFT-LCDs begins.



2002
Creation of AGC Group Vision **"Look Beyond"**. In-house Company system introduced.

2007
Group brand unified as "AGC" to mark its 100th anniversary.

2013
•Entry into Brazil's flat glass market.
•Southeast Asian regional headquarters established in Singapore.

2015
AGC plus management policy implemented.

2016
•Automotive glass production base established in Morocco.
•Information gathering and marketing bases established in India and Dubai.

2018
•Bioscience businesses in Japan, the U.S., and Europe consolidated and integrated management as AGC Biologics begins.
•**Change of corporate name to AGC Inc.**

2000

2005
Sales of automotive door glass that blocks infrared rays launched.

2008
High-performance Fluon® ETFE FILM used for various sports venues at the global sports event in Beijing.

2011
•Worldwide sales of Dragontrail™ glass for smartphones and tablet computers begin.



•UV Verre Premium Cool on™ tempered glass for automotive door windows sales begin.

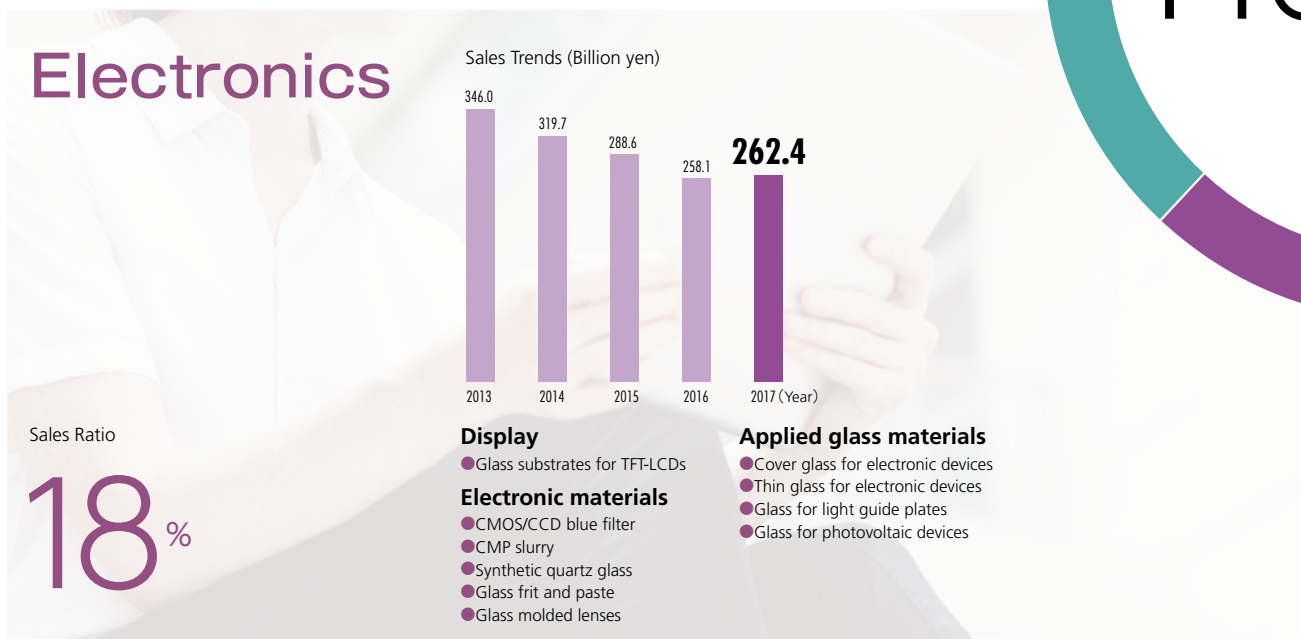
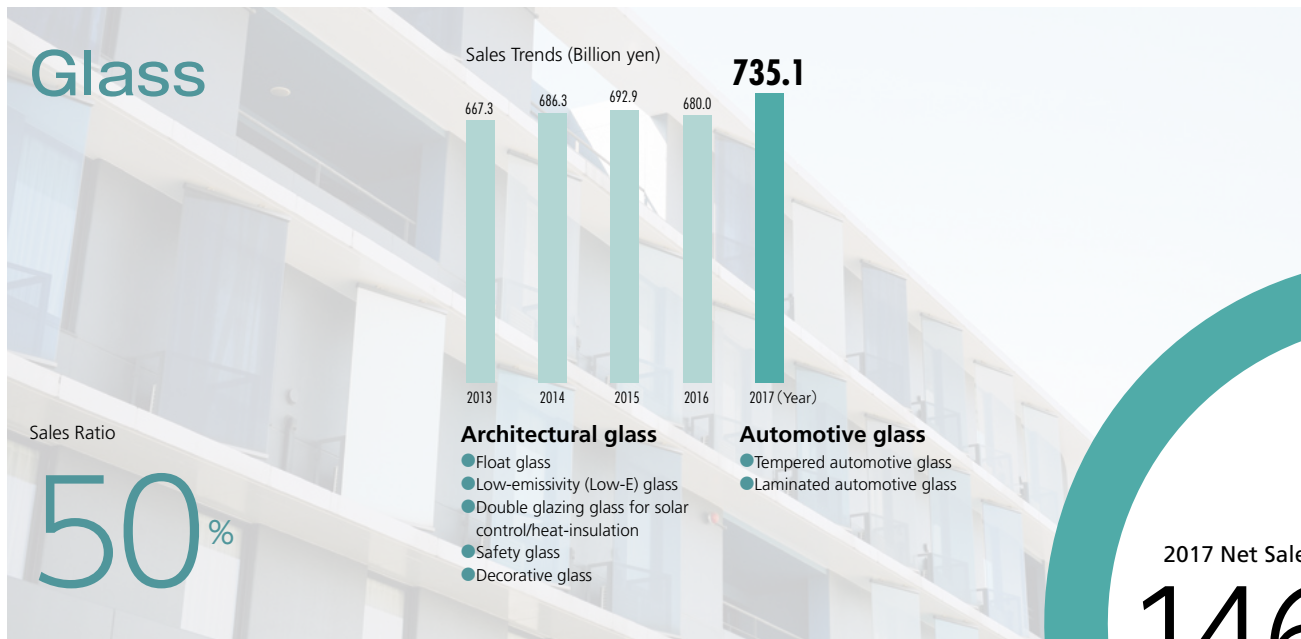


2013
Production of cover glass for automotive displays begins.

2015
Supply of HFO-1234yf, a next-generation automobile refrigerant with a low environmental burden, begins.

Creating New Value in the Fields of Glass, Electronics, Chemicals and Ceramics

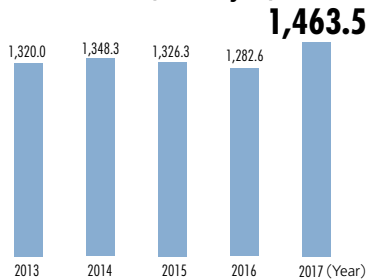
The AGC Group's business extends into four fields: glass, electronics, chemicals and ceramics. Through world-leading technologies and expertise developed over more than 110 years of technological innovation, we offer a diverse lineup of products for customers across a wide range of industries. From architectural glass and automotive glass and extending to display glass and electronic materials—as well as high-function materials such as chemicals and ceramics—the AGC Group proposes new solutions from its unique perspective as a material manufacturer. In order to further enrich society, the AGC Group pushes the limits in the creation of new standards of value.



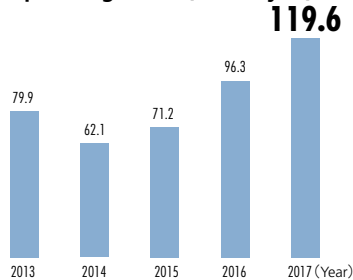
Corporate Data (Numerical data as of December 31, 2017. On July 1, 2018, we changed our company name to AGC Inc.)

Company Name	AGC Inc.	Capital	90,873 million yen
Head Office	1-5-1, Marunouchi, Chiyoda-ku, Tokyo 100-8405 JAPAN	Outstanding Stock	235,177,781 shares
Founded	September 8, 1907	Employees	53,224 (consolidated), 6,401 (non-consolidated)
Incorporated	June 1, 1950	Consolidated Group Companies	210 (172 overseas)

Sales Trends (Billion yen)



Operating Profit (Billion yen)

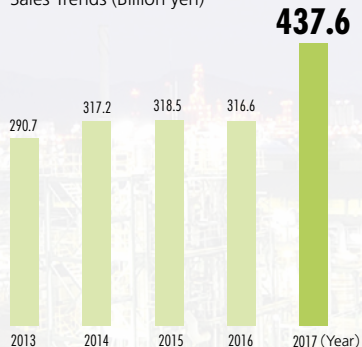


Note

·Numeric data is based on International Financial Reporting Standards (IFRS). (Subject organizations: AGC Inc. and its consolidated subsidiaries / Target period: Each business year ending December 31)
 ·Sales Ratio calculated from sales to external customers.
 ·Sales by business were calculated before elimination, therefore the sum will not match company-wide sales when totaled.



Sales Trends (Billion yen)



Chemicals

Chlor-alkali and urethane

- Polyvinyl chloride
- Vinyl chloride monomer
- Caustic soda
- Urethane materials

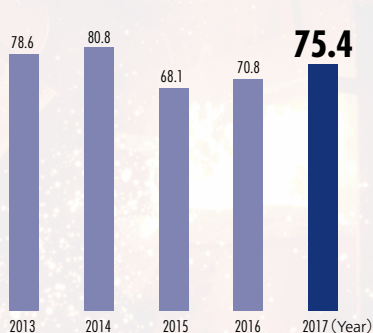
Fluorochemicals and specialty chemicals

- Fluoropolymers/films
- Water and oil repellents
- Pharmaceutical and agrochemical intermediates and active ingredients
- Iodine-related products

Sales Ratio

30%

Sales Trends (Billion yen)



Ceramics/ Other

Ceramics

- Refractory materials
- Fine ceramics
- Sputtering targets

Logistics/ Engineering

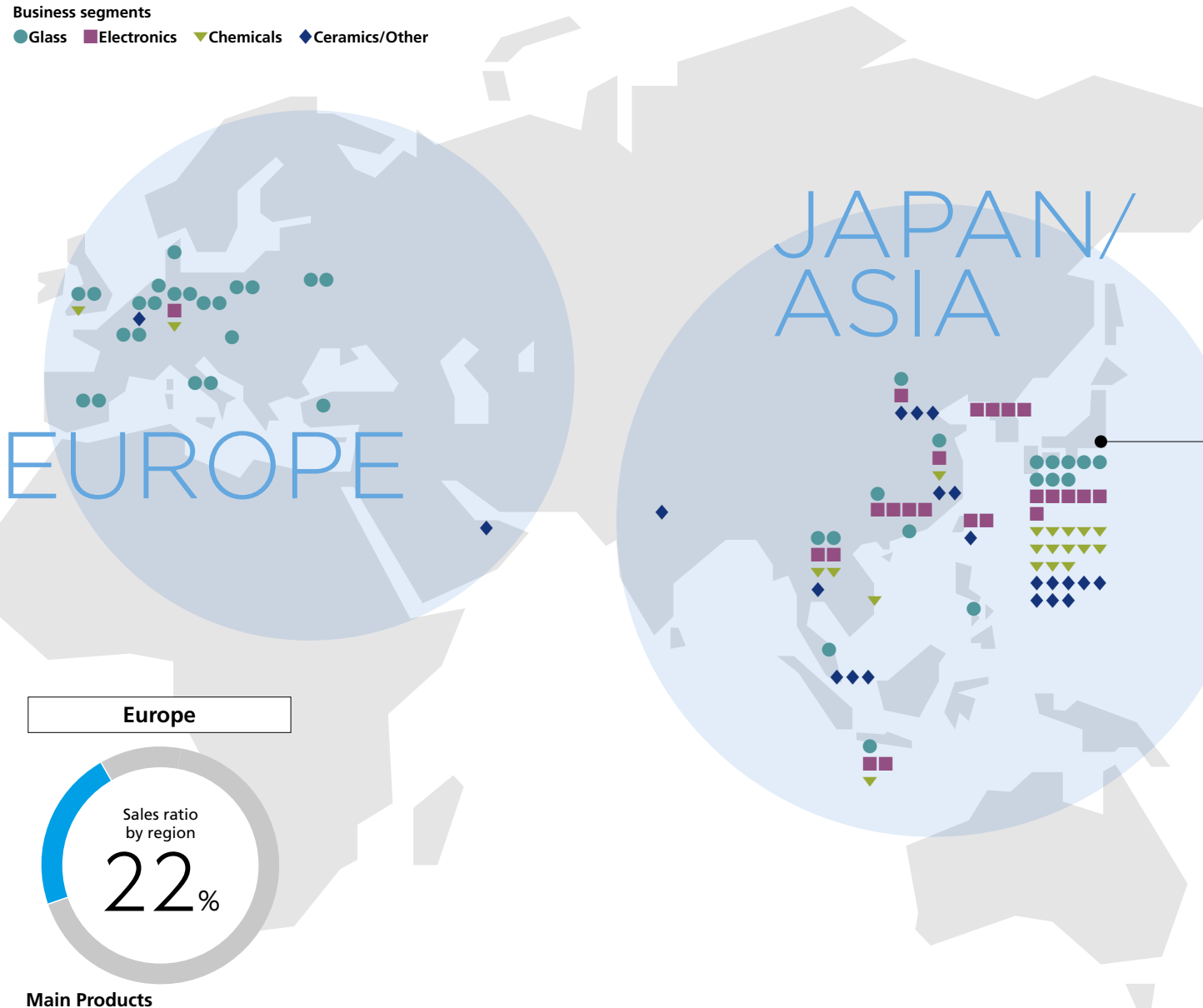
Sales Ratio

2%

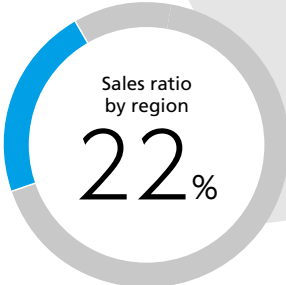
The AGC Group's Global Business Structure

The AGC Group's business extends into over 30 countries and regions. In the glass segment, we have product development and manufacturing bases in Japan/Asia, Europe and the Americas. In the electronics segment, the development and manufacturing bases are concentrated in Japan and other Asian countries. In the chemicals segment, we have been enhancing our manufacturing bases with a focus on Southeast Asia, where infrastructure development is progressing. Utilizing such a global network, the AGC Group strives to expand businesses and grow even deeper roots in local communities, while exploring opportunities to develop new business areas.

Business segments
 ● Glass ■ Electronics ▼ Chemicals ◆ Ceramics/Other



Europe



Main Products

- Architectural glass ■ Display glass
- Automotive glass ▼ Chemicals

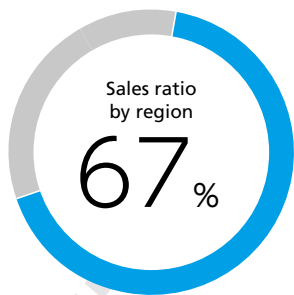
Employees Approximately **17,400**

Note: Sales ratio by region is calculated from fiscal 2017 turnover before eliminations.

AGC Inc.

THE AMERICAS

Japan/Asia

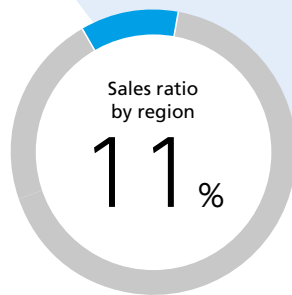


Main Products

- Architectural glass
- Automotive glass
- Display glass
- Electronic materials
- ▼ Chemicals
- ◆ Ceramics/Other

Employees Approximately **31,400**

The Americas



Main Products

- Architectural glass
- Automotive glass
- Electronic materials
- ▼ Chemicals

Employees Approximately **4,400**

AGC Group Products Found in Everyday Living

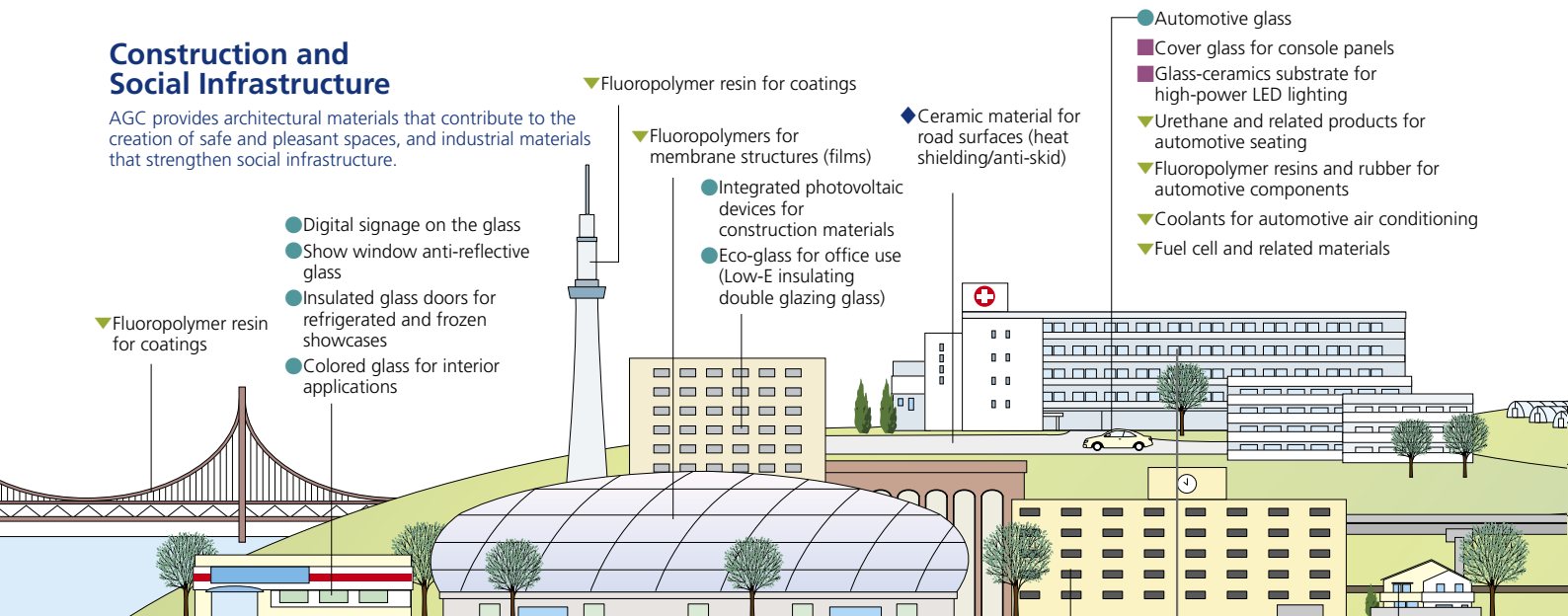
In a wide range of places and situations, the AGC Group's diverse products support a safe, pleasant and sustainable society.

Business segments

- Glass
- Electronics
- ▼ Chemicals
- ◆ Ceramics/Other

Construction and Social Infrastructure

AGC provides architectural materials that contribute to the creation of safe and pleasant spaces, and industrial materials that strengthen social infrastructure.



- ▼ Fluoropolymer resin for coatings
- Digital signage on the glass
- Show window anti-reflective glass
- Insulated glass doors for refrigerated and frozen showcases
- Colored glass for interior applications

▼ Fluoropolymer resin for coatings

▼ Fluoropolymers for membrane structures (films)

- Integrated photovoltaic devices for construction materials
- Eco-glass for office use (Low-E insulating double glazing glass)

◆ Ceramic material for road surfaces (heat shielding/anti-skid)

Transportation

Beginning with lightweight, high-function automotive glass, AGC provides a wide range of products that are vital to transportation equipment.

- Automotive glass
- Cover glass for console panels
- Glass-ceramics substrate for high-power LED lighting
- ▼ Urethane and related products for automotive seating
- ▼ Fluoropolymer resins and rubber for automotive components
- ▼ Coolants for automotive air conditioning
- ▼ Fuel cell and related materials

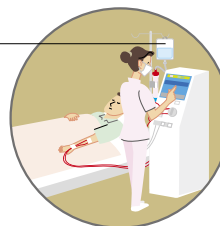
- Safety glass for public facilities (laminated glass)
- ▼ Urethane waterproofing system for rooftops

- Eco-glass for residential use (Low-E insulating double glazing glass)
- Colored glass for indoor applications

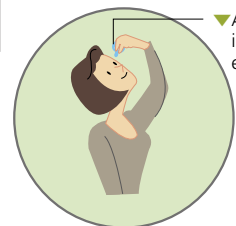
Life Science

AGC provides pharmaceuticals and agrochemicals used in the field of life science, and materials for a wide variety of its related facilities.

▼ Sodium bicarbonate (infusion solution for artificial dialysis)

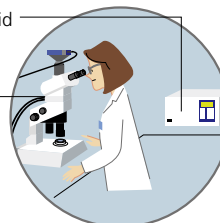


▼ Active ingredients for eyedrops



▼ Bulking agent for liquid chromatography

- Lab use ware
- Tissue culture ware
- Prepared specimens for microscopes



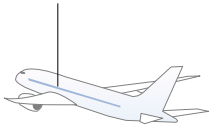
▼ Biopharmaceutical active ingredients



Consumer Products

AGC provides products that bring comfort and convenience to daily life and many of the materials vital to their creation.

▼ Fluoropolymer resin for coatings



▼ Sodium hypochlorite for tap water disinfectants

▼ Caustic soda (for hand soap)

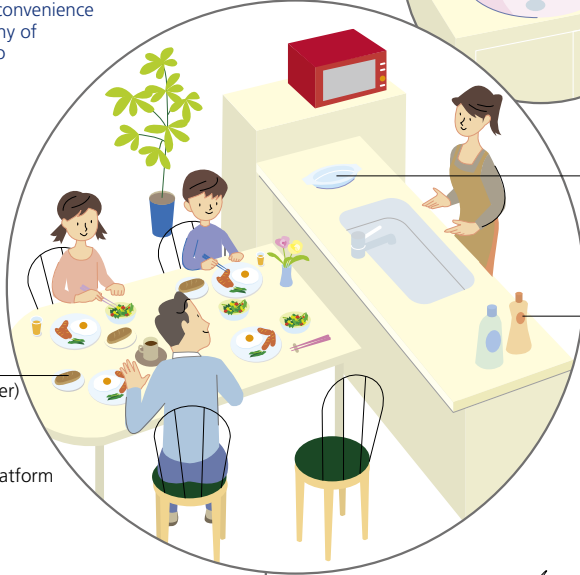
● Washstand mirrors

▼ Additives for cosmetic products



■ Heat resistant glass tableware

▼ Caustic soda (for dishwashing detergent)



▼ Sodium bicarbonate (baking powder)

● Digital signage on the glass

● Train platform glass



▼ Fluoropolymers for green house film

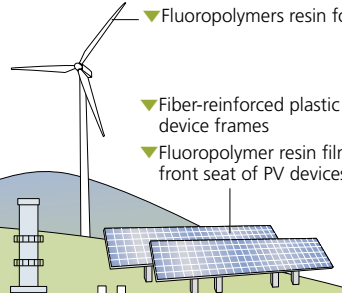
▼ Agrochemical intermediates/active ingredients



▼ Fluoropolymers resin for coatings

▼ Fiber-reinforced plastic for PV device frames

▼ Fluoropolymer resin film for front seat of PV devices



● Railway glass

■ Glass substrates for display devices

▼ Fuel cell-related materials

Displays and Optical Equipment

AGC provides materials and components for electronic equipment used in a variety of business situations.

■ Glass substrates for display devices

■ Cover glass for electronic devices

■ Optical materials for digital cameras



Industrial Materials

AGC provides industrial materials and solutions tailored to the needs of diverse sites of production.

▼ Caustic soda

▼ Urethane coatings for flooring

▼ Fiber-reinforced plastics

◆ Ceramic molding materials for 3D printers

◆ Refractories for industrial furnaces

■ Glass materials and components for optical equipment

■ Glass substrates for display devices

■ Semiconductor and related products



Takuya Shimamura

Representative Director,
President and Chief Executive Officer

Takuya

Under the **AGC plus-2020** new mid-term management plan, we will build solid foundations for growth toward our long-term vision, Vision 2025.

Q Can you provide review of **AGC plus-2017** ?

A We basically achieved our financial targets. By implementing business structure reforms and strategic M&As, we successfully made strategic preparations for future growth.

This was the first mid-term management plan adopted after I was appointed president, and I set three targets. First, drive the business in an upward trend from the declining profitability in 2014. Second, change the earnings structure that was solely dependent on the display business into a more well-balanced one among the business segments of glass, electronics, and chemicals. And third, identify and embark on fields of growth for the future. In addition, I also set financial objectives in the form of quantitative targets for net sales, operating income, ROE, and the D/E ratio.

As of the end of 2017, we achieved all three of these targets. With regard to the financial objectives, we did not achieve our target net sales as there was negative effect of exchange rates, but we did achieve the other three targets.

Looking back, in a certain sense, the AGC Group was in a crisis situation in 2014. In 2017, however, performance recovered to such a degree that we were able to achieve our objectives. This was the result of the Group's more than 50,000

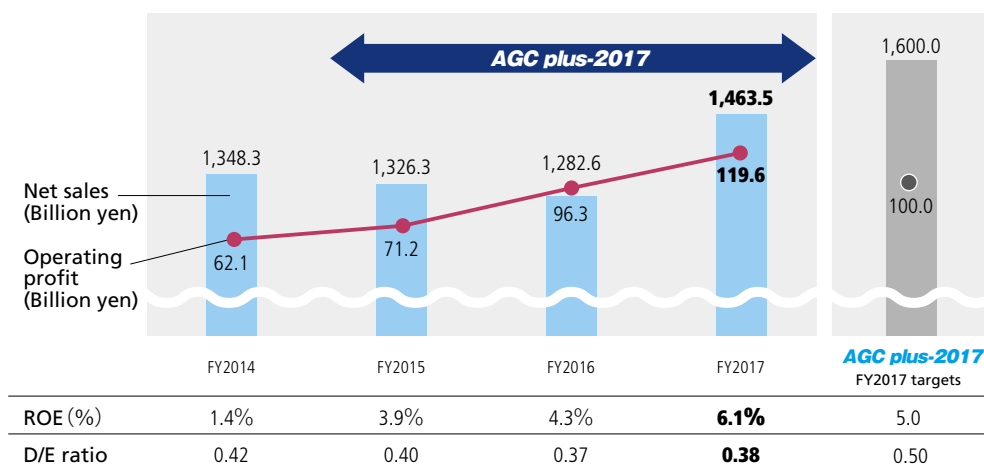
people becoming One Team and doing what needed to be done. These past three years have been a period when we experienced the sense of fulfillment for achieving our objectives and felt the atmosphere within the Group change.

Q Please discuss the status of each business segment.

A The measures implemented in each business segment have started to achieve results, and we expect each business segment to continue growing.

The glass segment has turned profitable as compared to the situation in 2014. The electronics segment had been severely impacted by the drop in prices, but the decline is becoming moderate. Thanks to growth in electronic components and materials, we managed to stave off the profit decline. The chemicals segment has made a significant growth as we strengthened the chlor-alkali business through capital investment in Southeast Asia and M&As and also expanded the fluorine business. So far, the chemicals segment has expanded as a result of a concentration of growth opportunities, but we expect other segments to grow steadily as well. Overall, increases in sales volumes and higher operating rates have pushed profits up substantially.

■ Targets and Results of the **AGC plus-2017** Mid-Term Management Plan

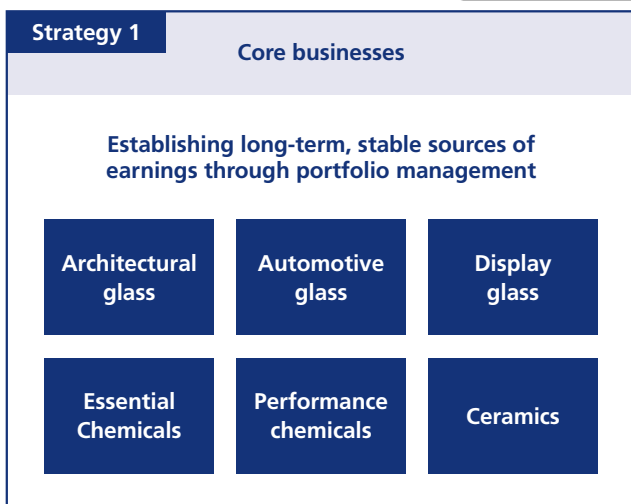


■ The AGC Group's Long-Term Management Strategies and Objectives for 2020 and 2025

"Vision 2025"

By 2025, the AGC Group's core businesses will serve as solid sources of earnings, and strategic businesses will become growth drivers and lead further earnings growth.

In 2025, the AGC Group will continue to be a highly profitable, leading global material and solution provider.



	FY2017	FY2020 Targets	FY2025 Targets
Operating Profit	119.6 billion yen	More than 160.0 billion yen	More than 229.2 billion yen (highest record)
ROE	6.1%	More than 8.0%	More than 10.0%
Ratio of contribution to earnings by strategic businesses	10%	More than 25%	More than 40%
D/E ratio	0.38	Less than 0.5	Less than 0.5

Q Can you explain about shareholder return policy?

A We will maintain active shareholder returns.

With regard to shareholder returns, we are continuing our policy of actively providing returns to shareholders. We are striving to provide returns while making comprehensive determinations taking into consideration financial results and future investment plans with a target for consolidated return ratio including share buybacks of at least 50%.

Q What is the position of the long-term management strategy, which seeks to achieve "Vision 2025," and the new mid-term management plan?

A The AGC plus-2020 mid-term management plan indicates that actions that we need to take over the next three years to achieve "Vision 2025."

In 2016, the AGC Group established "Vision 2025" along with core businesses, strategic businesses, and fundamental strategies for those businesses. The new mid-term plan that we adopted at this time clarifies the actions that we need to take over the next three years and the target that we need to



■ **AGC plus-2020** Key action items

Develop high-value added businesses that do not get affected by market fluctuations

Promote growth strategies for strategic businesses

Concentrate management resources in growth regions/ where we can win

Achieve sustainable growth through strategic M&As

pursue under those fundamental strategies.

When we achieved record high income in 2010, most of the profit was generated in the display business. For 2025, we are seeking to generate stable income in core businesses, without excessive reliance on a specific business or product, for strategic businesses to be drivers of growth for the Group, and to become a highly profitable business enterprise with a strong portfolio.

Under these circumstances, our targets for 2020 are standards that measure the degree of achievement of the business strategies incorporated into the new mid-term management strategy. The next three years will be a period for achieving "Vision 2025," and we will undertake active growth investment and business activities while maintaining financial soundness.

Q What measures will be taken in core businesses under **AGC plus-2020** ?

A We are undertaking the necessary measures in each business based on consideration of regions and functions. We will also carry out comprehensive portfolio management for the core businesses overall.

We are considering strategies for each business from the perspectives of **regions** and **functions**. **Regions** refer to focused business development in those regions that will grow over the medium to long term and regions where the AGC Group is able to demonstrate its strengths. With regard to commodity products such as general-purpose architectural

glass and chlor-alkalis in particular, we will carry out business strategies in order to secure and solidify the top position in targeted regions.

The other perspective is high added value products that enhance **functions**. We will use functions to differentiate our products and develop new applications for distinctive functions and products. For example, we are conducting various initiatives to provide a high added value products that change the fundamental concepts of glass such as linking glass with cloud computing to create light-adjusting glass that automatically changes color according to the weather.

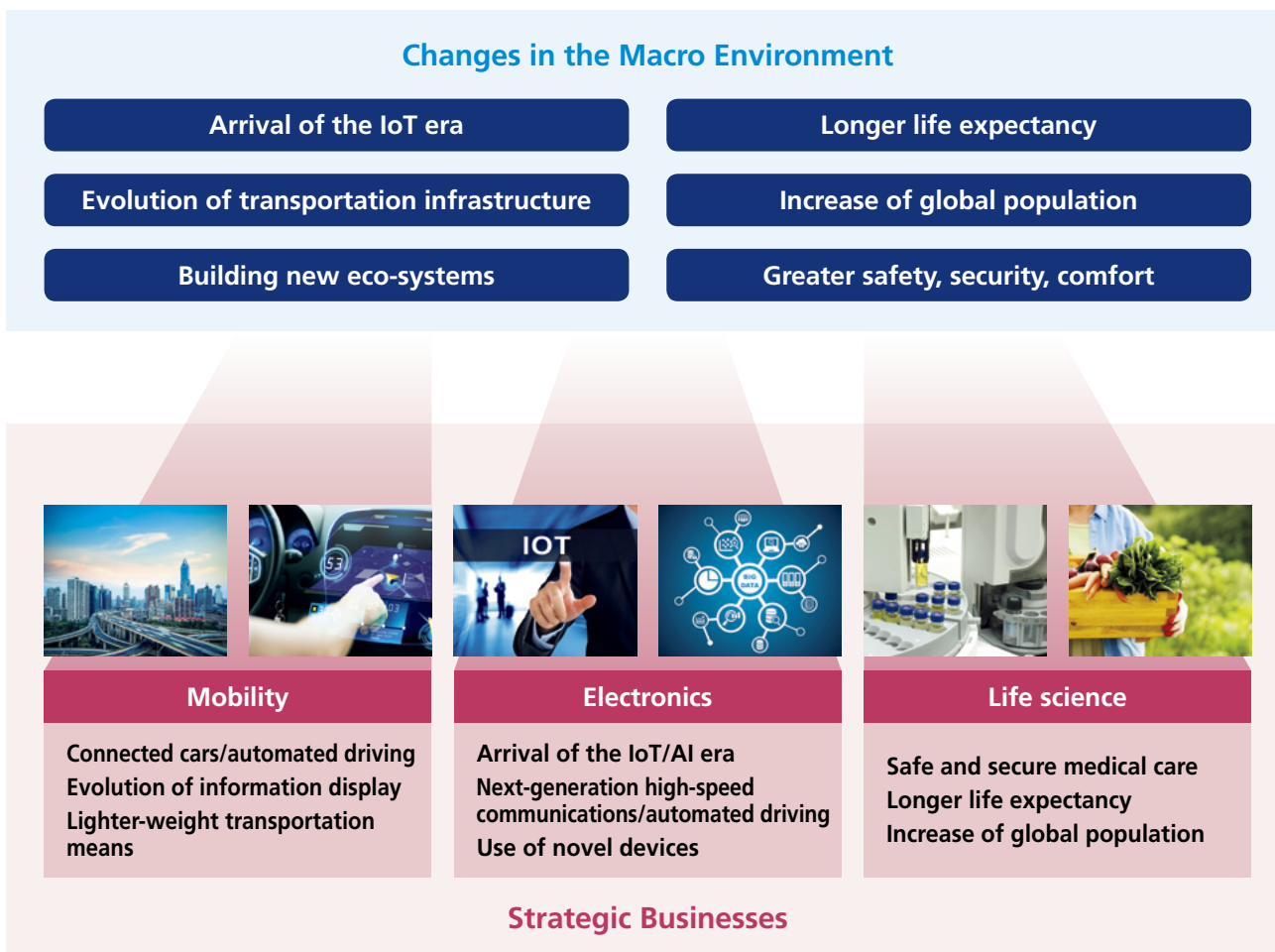
Our investment plan under **AGC plus-2020** is to invest about the same amounts in core businesses with the aim of achieving steady growth in those businesses. At the same time, our policy is to substantially increase the percentage of investment in strategic businesses, which are the engines of growth. By using our solid financial foundations, one of the strengths of the AGC Group, we will actively invest while maintaining financial soundness with a D/E ratio of no more than 0.5.

Q What are some specific strengths or promising products of strategic business under **AGC plus-2020** ?

A We will focus on capabilities unique to the AGC Group and provide highly functional products with value.

We set mobility, electronics, and life sciences as our three strategic businesses in which AGC Group can make full use of its strengths and create new value by viewing future changes in

■ Environment Surrounding Strategic Businesses and Measures



society from a macro-perspective and comprehensively examining the basic technologies, the materials, and the networks with customers that the AGC Group possesses.

Key words in the **mobility** fields include weight reduction, sensing, and IoT. With regard to reducing the weight of vehicles, we will develop and supply materials whose weight can be reduced including technology for reducing the weight of glass, making seats slimmer and lighter using urethane, and carbon fiber reinforced thermo plastics using fluorine technology.

With regard to sensing and IoT, there is a sense that the boundary between **mobility** and **electronics** are becoming less relevant. In the automobile industry, the age of electric vehicles and autonomous driving is here. Under these circumstances, the AGC Group will develop business for glass that has display functions and can serve as a display, build global development systems for glass antennas with

communications antennas embedded in glass, and support information and communications through various other measures.

In the **electronics** business, EUVL mask blanks compatible with finer semiconductor circuit patterns are promising. The AGC Group is substantially reinforcing its supply systems and will respond to the need for more advanced functions.

With regard to the **life sciences**, demand for safe and secure healthcare will grow even further in the future in conjunction with longer lifespans. In response to this development, we integrated our biopharmaceutical contract development and manufacturing organizations (CDMO) in the United States, Europe, and Japan and commenced business as AGC Biologics in January 2018. Headquartered in the United States, the AGC Group's bioscience business will provide uniform quality services on a global basis with the aim of gaining overwhelming support from customers.

Q Please tell us about AGC's strategy for human resources development and your approach towards working style reform.

We are reforming the corporate climate to become a company achieving success with its people.

To become "a company that wins with human assets," we are reforming personnel programs and working styles. In particular, we need to raise productivity in Japan, where the population is declining. Raising productivity means each individual taking on more challenges. We are aiming to create the human resource programs and corporate climate as to where highly-motivated human assets can undertake increasing challenges and achieve personal growth. We are also expanding working style options and have started to create an environment where diverse human assets can work with flexibility.

Creating an atmosphere to raise the mind of self-initiative is also important. In order to achieve this, we are providing opportunities where young employees can speak freely and share their ideas and meet colleagues.

Q What measures are you taking regarding ESG activities?

A We are gathering AGC Group's human assets and technologies to further accelerate measures to solve ESG concerns.

With regard to our activities to conserve the environment and to contribute to the society, we continue to carry out

various social contribution activities in many regions around the world. For example, reducing CO₂ emissions, restoring coral reefs in Southeast Asia by using vinyl chloride resin pipes, and supporting education in Brazil.

As for corporate governance, AGC has invited outside directors since 2002. At present, the chairman of the Board of Directors, as well as the chairman of the Nominating Committee and Compensation Committee, which are voluntary advisory bodies, are all outside directors. By inviting outside directors, discussions have become more active. In this way, the outside directors have provided valuable advice and opinions. We have received high ratings in third-party evaluations and evaluations of effectiveness.

In January 2018, the **SDGs Division** was established within the Corporate Planning General Division to carry out measures intended to achieve the sustainable development goals (SDGs) by the AGC Group. As an organization under the direct authority of the management, the SDGs Division collaborates with business divisions and research and development organizations to accelerate measures intended to solve social problems.

When I was appointed to be a president in 2015, I established "**AGC plus**" as the AGC Group's management policy. This policy was a message to all of our stakeholders and a starting point. We are committed to continuing to carry out the actions necessary in order to achieve this policy by 2025. This year will be a new beginning for the AGC Group as we have changed our corporate name. I will make every possible effort for the AGC Group to achieve further growth and become a global brand trusted by stakeholders around the world.

The AGC Group's Management Policy

AGC plus

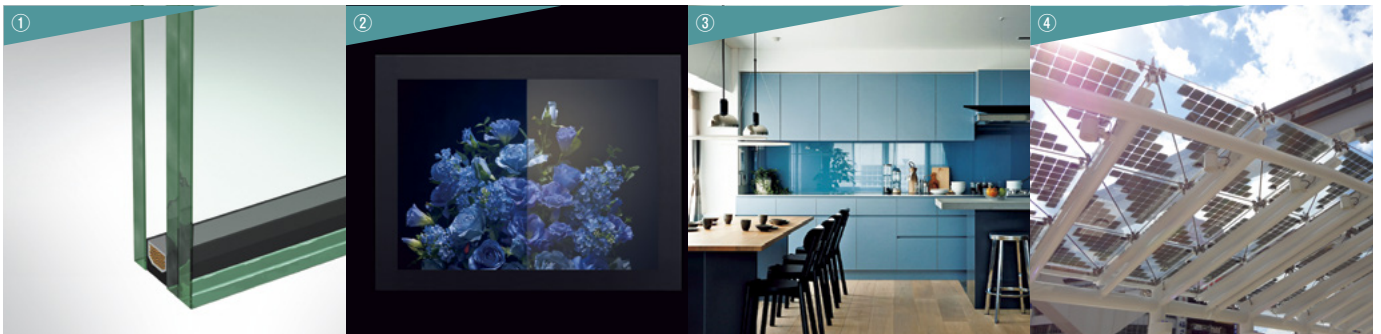
The AGC Group adds a "plus" by:

- Providing safety, security, and comfort to society;
- Creating new value and functions for customers and business partners and building trust with them;
- Enhancing job satisfaction among employees; and
- Increasing the Group's corporate value for investors.



Architectural Glass

The AGC Group offers diverse products and solutions which are tailored to the needs of each region and client.





Architectural Glass Business

The AGC Group's architectural glass business supplies a wide range of products—such as float glass, fabricated glass, decorative glass and glass for photovoltaic devices—which are tailored to the needs of each region and client. We are also committed to the development and sale of functional glass products that offer comfort and reduce environmental impact. For buildings, we supply glass with solar control and heat insulation, and glass with anti-condensation and anti-reflective properties. Our architectural glass business holds a world-leading market share.

The AGC Group provides a range of solutions including integrated PV devices for construction materials and glass doors for showcases leveraging the technologies developed in its architectural glass business.

- Laminated Low-E (Low emissivity) double glazing glass ①
- ATTOCH™, Low-E glass for on-site retrofitting installation
- Clearsight™, anti-reflective glass ②
- Lacobel™ Plume™, painted glass for indoor applications ③
- Madomado™, multi-functional window unit
- Sunjoule™, integrated photovoltaic devices ④
- Windoor™, glass doors for refrigerating and freezing showcases

Automotive Glass

The AGC Group pursues superior safety, design and comfort and globally supplies value-added products and solutions tailored to diverse needs as a leading automotive glass manufacturer.





Automotive Glass Business

The AGC Group's automotive glass business holds a world-leading market share in the sale of laminated glass and tempered glass. We make use of our global marketing functions, production networks and cutting-edge technologies to pursue greater product safety, design, comfort and environmental performance. We offer a wide variety of products, including UV- and IR-cut glass, water repellent glass for doors to ensure good visibility in rainy conditions, sun sensor glass to control light permeability and glass antennas to realize clear communications.

- Temperlite™, tempered glass
- Lamisafe™, laminated glass
- UV Verre Premium™, series of UV and IR cut glass ①
- Soundverre™, sound insulation glass
- Wellview™, water-repellent glass for doors
- WONDERLITE™, light Control glass ②
- Glass for railroads ③

Automotive Glass

Global No.1

(Based on fiscal 2017 estimates by AGC)

Electronics

The AGC Group continues to offer high value-added products and solutions that support the evolution of the electronics industry.





Display Business

In its display business, the AGC Group holds a number-two global market share in glass substrates used for thin-film-transistor (TFT) liquid crystal displays (LCDs). The Group leverages its unique manufacturing methods and advanced production techniques to increase its global competitiveness, while focusing on developing glass products for next-generation display devices.

- Glass substrates for TFT-LCDs ①

Glass substrates for TFT-LCDs

Global No.2

(Based on fiscal 2017 estimates by AGC)

Applied Glass Materials Business

By leveraging the advantages of the Group's "thin, light and strong" specialty glass we create new applications, while broadening the Group's product lineup, which includes cover glass for smartphones and tablet devices, and glass substrates for photovoltaic devices and touch panels.

- Dragontrail™ Pro, specialty glass for chemical strengthening
- XCV™, glass for light guide plates
- Super-thin soda lime glass for electronics ②
- TCO substrates for photovoltaic devices
- Leoflex™, chemically strengthened specialty glass

Electronic Materials Business

In its electronic materials business, the AGC Group contributes to the most advanced sectors of the electronics industry by applying the leading-edge technologies it has fostered in its glass, chemicals, and ceramics businesses, including material, processing, surface treatment and molding technologies. The business supplies a wide lineup of products, such as synthetic quartz glass—a product boasting a world-leading market share—as well as high-purity silicon carbide (SiC) jigs and other semiconductor manufacturing components, CMOS/CCD blue filters and other optical materials for smartphones and digital cameras, and glass frit and paste display materials for electrical insulation and sealing.

- CMOS/CCD blue filter
- Synthetic quartz glass ③
- Chemical mechanical polishing (CMP) slurry and polishing solutions
- Glass frit and paste
- Roiceram™-HS, high-purity SiC jigs

Quartz materials for stepper lenses

Global No.1

(Based on fiscal 2017 estimates by AGC)

Car-mounted Cover Glass Business^④

We are extending our chemically-strengthened glass currently used in cover glass for smartphones and other devices to uses in vehicle interiors. By using it as cover glass for automotive cockpits, touch panels and other applications we enhance visibility and ease of use including that of navigation systems and driving information displays. The AGC Group is driving technological innovation to provide products with new added value tailored to diverse needs as a pioneer of cover glass for use in car-mounted displays.



The AGC Group's diverse products and solutions are based on its own chemical chain, ranging from basic chemical products to high-performance fluorine chemical products. They help create an affluent, safe and secure society while promoting environmental conservation.





Chlor & Alkali

Urethanes

In its chlor-alkali and urethane business, the AGC Group supplies highly versatile basic chemical products—such as caustic soda and sodium bicarbonate—used in various industries. In addition, its urethane-related products are used as raw materials in thermal insulation, vehicle seats and other products that are vital for providing comfort in our everyday lives.

Gas & Solvents

Fluorochemicals

Life Science

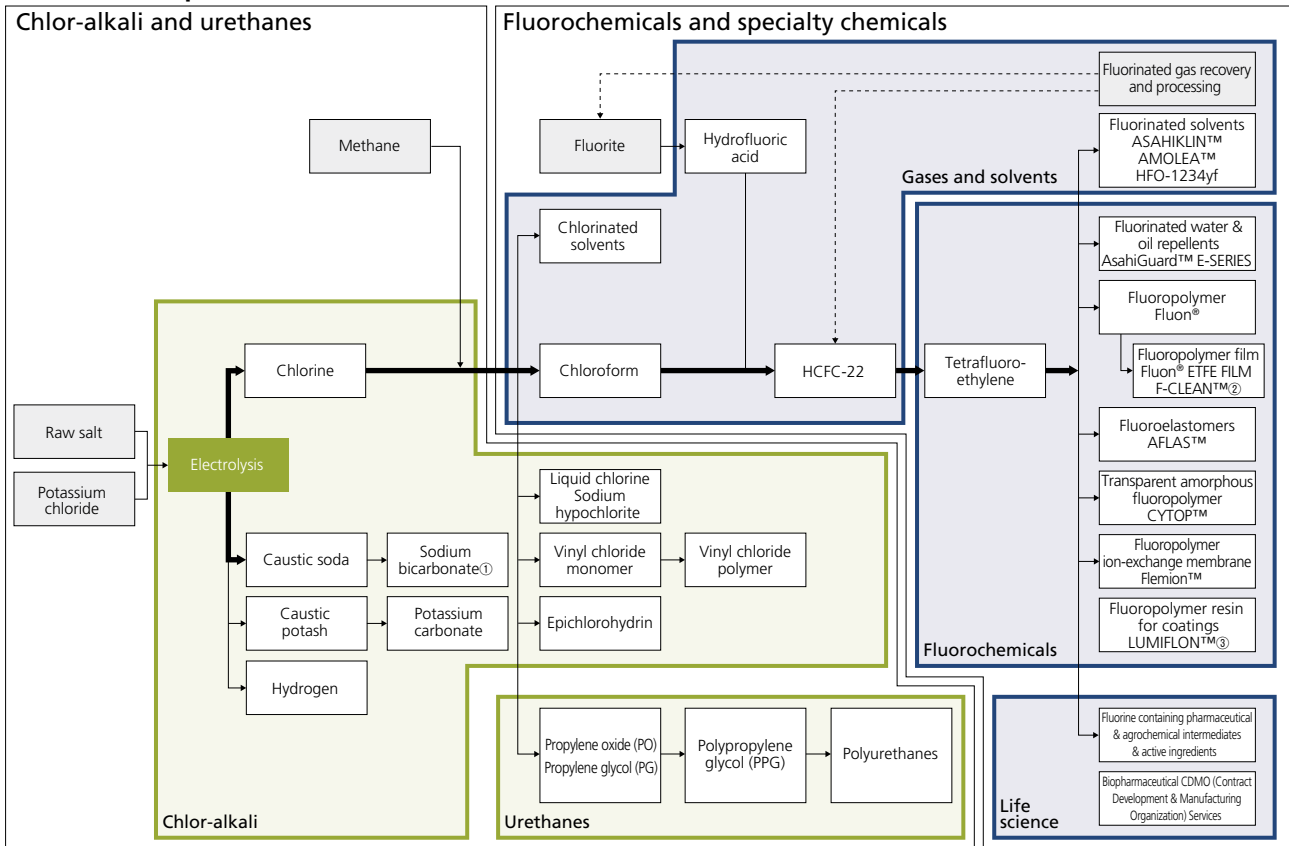
In its fluorochemicals and specialty chemicals business, the AGC Group's fluorochemical products have gained a strong reputation for their outstanding heat resistance, chemical resistance and weather resistance. Led by Fluon® ETFE fluorinated resin—which holds top global market share—the business' wide range of high-performance products are used in various industries. For example, its fluorinated resins and fluorinated elastomers are commonly applied in the automotive and aircraft industries, and its fluoropolymer films and fluoropolymer resins for coating are used in the building construction industry. Likewise, its multifunctional materials are used in electronic devices and displays. In addition, the AGC Group contributes to the life science industry by supplying services and products such as pharmaceutical and agrochemical intermediates and active ingredients.

Fluorinated resins
(Fluon® ETFE)

Global No.1

(Based on fiscal 2017 estimates by AGC)

The AGC Group's Chemical Chain



Ceramics

The AGC Group offers a variety of products and solutions that contribute to innovation in glass production processes and environmental conservation.

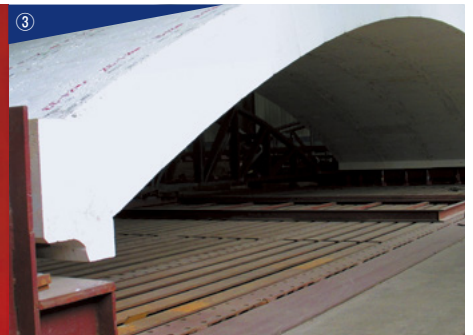
Ceramics Business

The AGC Group's ceramics business dates back to 1916, when the company began producing refractory bricks for glass melting furnaces. The business is now operated by AGC Ceramics Co., Ltd. With its core businesses in glass engineering, environmental and energy-related domains, the company leverages its diverse lineup of refractory products and leading-edge engineering technologies.

In the glass engineering business, the company aims to help its customers improve energy efficiency and extend the service life of their glass furnaces, as well as ensure stable operations and lower lifecycle costs by supplying high-durability, high-performance fused cast bricks and related solutions.

In environmental and energy-related businesses, AGC Ceramics offers a wide range of ecological solutions, implementing castable refractories that make industrial furnaces more energy efficient and reduce environmental load. The company also focuses on developing ceramic materials that help reduce global environmental impact, such as high-temperature fine ceramic fans and sputtering targets for eco-friendly glass.

- Tough Coore™, ceramic material for heat shielding pavement ①
- THERMOTECT™, high thermal insulating ceramic furnace materials ②
- Castable refractories for industrial furnaces ③
- Brightorb™, ceramics molding for 3D-Printers



Products for New Markets

Combining diverse technologies, the AGC Group creates products with higher added value for new markets.

Glass Signage Products

infoverre™

infoverre™ digital signage is a brand-new technology comprised of an LCD directly attached on building exterior or interior glass. The AGC Group has enabled non-reflective, clear images that seem to float in the air by applying integrated optical technologies cultivated through its chemicals business. A mount or monitor stand is not necessary, so the signage can be installed without using much space.



Glascene™

Manufactured using a unique process, Glascene™ is a glass screen that enables images to be projected onto it. This new type of screen retains its transparency when images are not projected. The images can be projected at sizes over 100 inches, from the front or rear of the screen—depending on the Glascene™ screen type.

Augmented Mirror

Augmented Mirror is an enlarging mirror type display for achieving augmented reality (AR) on a mirror surface. It has adequate visibility as a conventional mirror. By using proprietary optical design technology, both high mirror surface reflectance and bright display resolution were achieved. AGC is proposing new uses with AR effects that employ mirrors.



“Connecting” Innovation Strategy

How will the company continue to actively create value over the long term in order to maintain growth as a materials maker for Vision 2025? CTO and General Manager of the Technology General Division, Yoshinori Hirai will explain the AGC Group’s research and development strategy.



Yoshinori Hirai

Representative Director and
Executive Vice President
CTO and General Manager of
the Technology General Division

Innovation as AGC Group Sees It

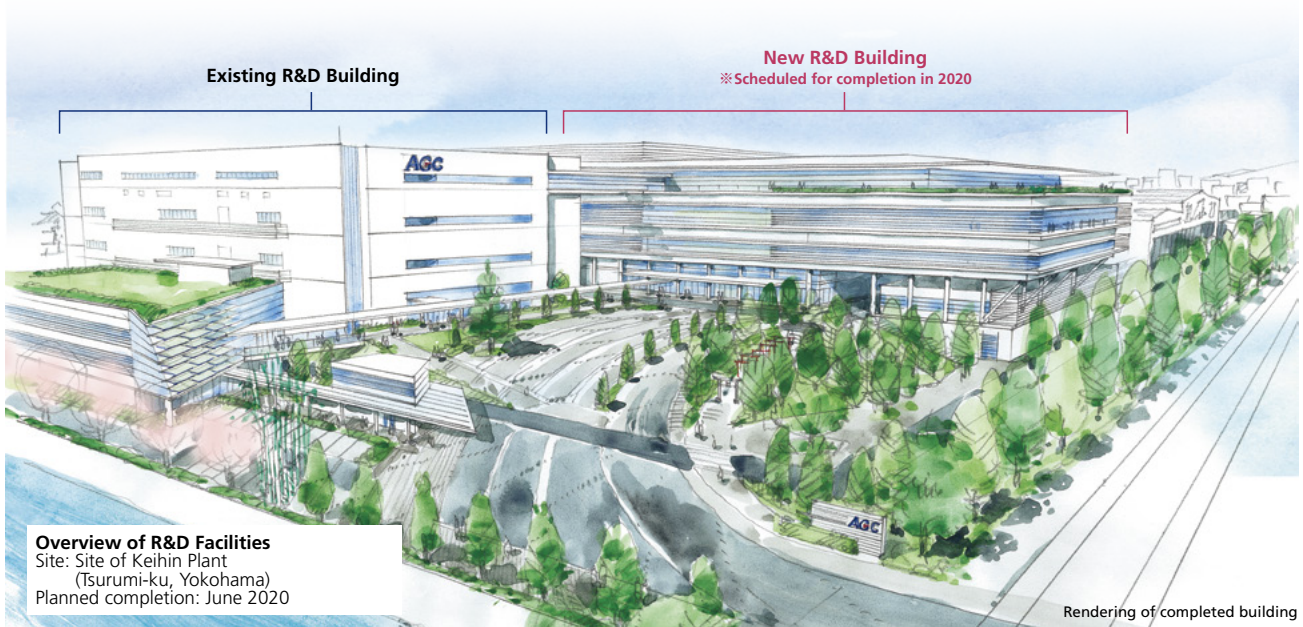
In 2016, the AGC Group established “Vision 2025” as a long-term management strategy for achieving its goal of “becoming **a highly profitable, leading global material and solution provider**, with core businesses serving as a solid profit foundation and strategic businesses acting as the engine of growth to drive further increases in profits.” To ensure growth of the strategic businesses, namely Mobility, Electronic, and Life science, the AGC Group needs innovations at its R&D function.

Frankly speaking, we may not a type of the company that brings innovation itself. Instead, we provide products and materials to accelerate innovation around the world. Looking

back at AGC’s history, we have supplied necessary materials to the leading companies of the times to bring innovation to the market, such as motorization, the spread of CRT televisions, the transition to flat-panel displays, and countermeasures against global warming. This is how we create innovation, and it is our mission to continue this in the future.

■ Creation of “Collaborative Spaces” (Overview)

- A new research building will be constructed to greatly increase the pace of R&D
- Dispersed functions will be consolidated and collaboration spaces will be created and used



Creation of “Collaborative Spaces”

Then, how do we create innovations? The key is “connecting” things. One of the ongoing initiatives in this regards is a renewal of our research and development structures. Currently, we are building a new R&D office, creating collaborative spaces that seamlessly connect organizations inside and outside the company (to be completed in June 2020).

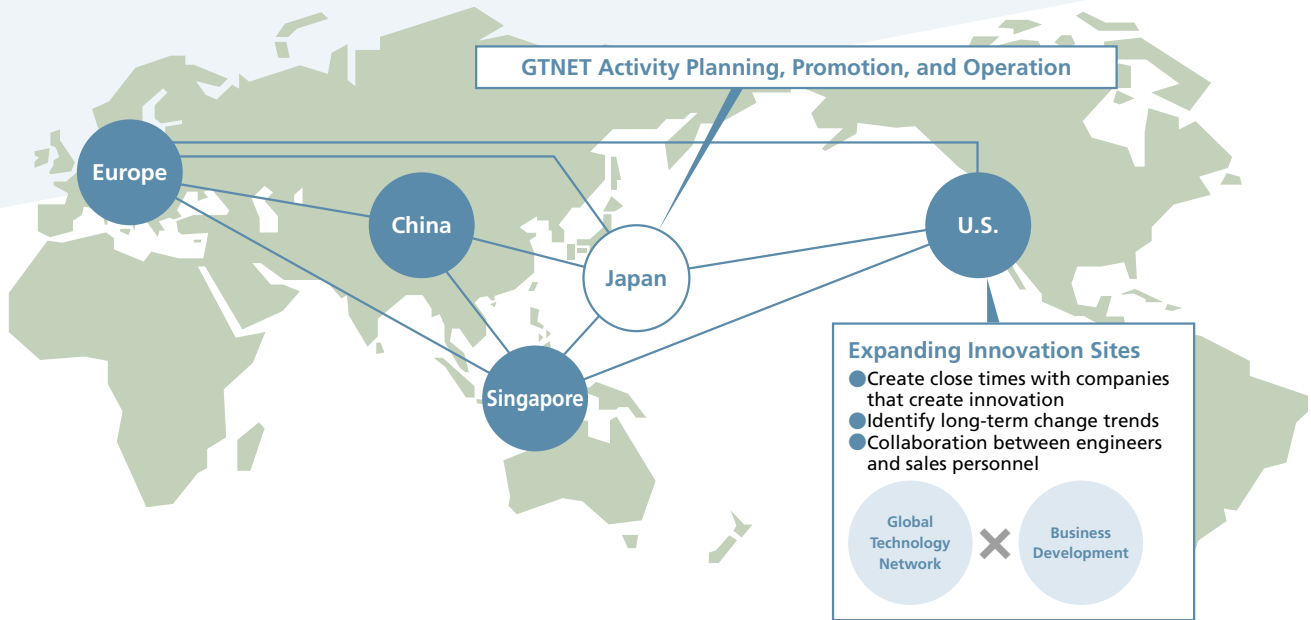
With regard to external ties, we have been pursuing open innovation with other companies and collaboration with universities on basic research. The new R&D office will be equipped with communication spaces to further promote such technological collaboration.

The new R&D office will also connect the R&D divisions within the AGC Group. Specifically, we are planning to integrate the two research and development facilities located in

Yokohama City into a single site.

We not only develop products and materials, but also design our own production facilities. Having its own unique products and facilities that other companies cannot reproduce is necessary if we are to overcome competition over the long term. By connecting two facilities, we are developing a framework for seamless and integrated operation of all processes from basic research to product development research, process development, and facility development. In this way, when process development teams participate in the basic research stage and proceed their work having an image of the production facilities, they can create production systems faster and more efficiently. This will enhance the efficiency of AGC’s “strength” even further.

■ Global Technology Networking to Enhance R&D Capabilities



The Evolution of Global Technology Networking to Link the Entire World

As a means of connecting to global customers, we have been pursuing technology marketing activities that integrate global technology networks and new business development. What is important here is to be close to both cutting-edge technologies and world's leading customers. It is necessary that information can be gathered locally, and feedback can be provided quickly in response to that information.

Such a system has already been established in our automotive glass business, with a research and development site located in Detroit in the United States. Engineers and sales personnel work together in order to provide rapid local responses. We are in the process of expanding this structure to other sites as well.

For example, Silicon Valley is an area which leads ICT industry, and more automobile manufacturers are now establishing research sites there. The AGC Group has also opened an office as a key site for gathering information on trends and technology needs in both the automotive and ICT fields and is expanding business.

In addition to Europe and the United States, we are going to build foundations in Singapore and China hoping to establish a global research and development structure.

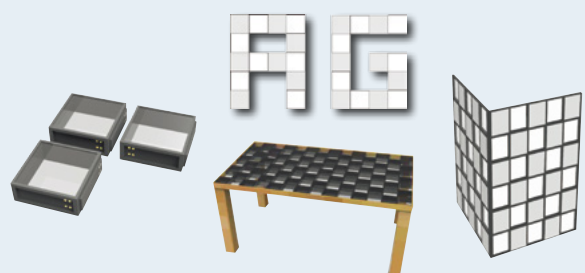
Column

Collaborative Project that Creates External Links: Glass Innovation Challenge

One of the AGC Group's open innovation initiatives is the Glass Innovation Challenge, a new product development project. The project is intended to reexamine the possibilities of glass from the perspective of users and develop new products. The Wemake open innovation platform was used starting in October 2017 to solicit ideas with "products and services that use the features of glass to change every-day experiences" as the theme. Prize-winning works were selected at the end of February 2018, and prototypes and investigation of commercialization based on the selected concepts are now underway.

Examples of Winning Works
Grand Prize Winner

Title : AGM (AGC Glass Module): A Multifunction Glass Block with Embedded IoT
Concept: Glass can have various functions. Combine it like toy blocks and give it diverse functions and good design features.

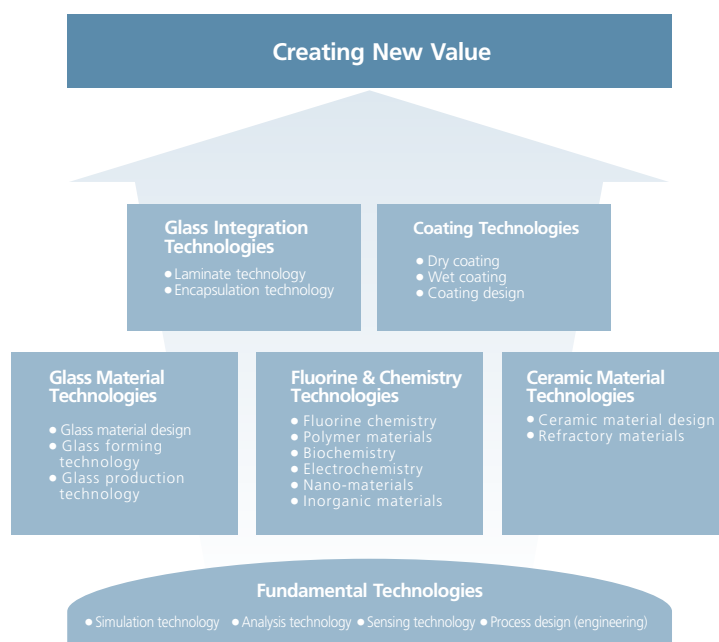


AGC's Core Technologies

As shown in the following diagram, the AGC Group has accumulated a diverse range of core technologies: glass and ceramic material technologies respond to various needs in society, coating and glass integration technologies add more value to products, and fluorine and chemistry technologies are used for creating advanced high-performance products. To underpin such research and development initiatives, the AGC Group is also working on the development and sophistication of its fundamental technologies such as simulation, analysis, sensing and process design technologies.

By combining and integrating these technologies and then drawing from the vast technological possibilities that result, the AGC Group intends to drive innovations that bring new value to trades and communities, while also meeting the needs of customers and helping resolve the challenges they face.

The AGC Group's Core Technology Map



Research and Development That Balances the Short, Medium and Long-Term

It took approximately 30 years after the start of research until the life-sciences business became a business division in the AGC Group. Likewise, the flat-panel display glass business also took about 20 years to achieve a substantial business growth.

As it shows, material businesses need time for growth and it is important that we stay on the cutting edge of short-term product development while establishing topics for long-term research.

Preparing for future developments while maintaining relationships with customers that are expected to take the initiative in long-term trends leads to innovation over the long-term. As mentioned earlier, we are not a company that directly leads to innovation, but we supply the necessary items to such innovators. I believe this is the innovation we bring to the world.

Column

Employing ICT and AI in Overall Business

In recent years, the AGC Group has been employing ICT and AI in a variety of fields.

Originally, glass production takes place at temperatures in excess of 1600°C, and as a result, direct observation is difficult. To address this, the Group made considerable efforts in computer simulation starting in the 1980s. What achieved at that time was theoretical simulations, but now, we are able to analyze phenomena using massive amounts of accumulated data. Operating status in plants is controlled using multiple sensors, and the data is used for predictive maintenance and raising productivity.

In research fields, it has become possible to understand materials in great detail as a result of advances in computer science and analytical chemistry. This is used not only in individual experience and trial and error, but also development using AI technology (material informatics). This makes it possible to select the materials necessary to achieve the desired functions.

The use of ICT and AI is not only for reducing costs, and we believe that it will lead to the computerization of the AGC Group's overall business and will transform people's working methods and lifestyles. We are working to create new innovations through the use of human intellect and AI from a long-term perspective.

The AGC Group's unique materials and solutions make people's lives better

Under the management policy **AGC plus**, the AGC Group contributes to society by developing and supplying high value-added products and services that provide safety, security, and comfort. The AGC Group's products and technologies support various initiatives around the world.




1 Sustainable Food Supply Systems will Save the Future Global Environment and Prevent Food Crises F-CLEAN™ for Greenhouses in a Cold-area (Russia)

In the Sakha Republic, located in the Russian Far East, temperatures can fall below minus 60°C in the winter. In this land of permafrost, it was necessary in the past to rely on imported vegetables during the winter. Now, however, children can eat fresh tomatoes with their school lunches regardless of the season. The people of Yakutsk long dreamed of harvesting safe and secure local vegetables throughout the year, and vegetables are now cultivated in greenhouses that is covered with F-CLEAN™, fluoropolymer film for greenhouse horticulture produced by the AGC Group.

In the project launched in the spring of 2016, three layers of F-CLEAN™ are used to enhance the thermal insulating effects of greenhouses. A greenhouse approximately 1,000m² in size was completed for test cultivation, and tomato cultivation began in the fall of 2016, followed by cucumbers in the second half of 2017. Since harvest volumes are limited, priority is placed on providing the fresh vegetables to nursery

school and kindergarten children. With the construction of a large-scale, approximately 30,000m² greenhouse, scheduled for completion in 2020, it will be possible to provide safe and secure vegetables to the entire 300,000-person population of Yakutsk.

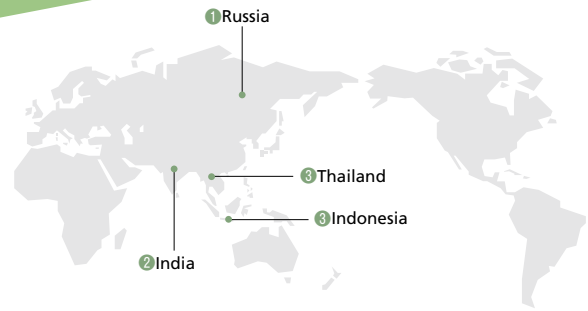
Project

A greenhouse cultivation project in Yakutsk being carried out by the Sakha Republic of Russia, Hokkaido Corporation Co., Ltd., and Hokko Corporation. Expansion to a 32,000m² greenhouse and cultivation of vegetables other than tomatoes and cucumbers is currently under consideration.

Product

F-CLEAN™: Fluoropolymer film for greenhouse horticulture manufactured by AGC Inc. and supplied by AGC Green-Tech Co., Ltd. It is characterized by exceptional weather resistance and high transmissivity of sunlight. F-CLEAN™ contributes to the development of environmentally-friendly and efficient greenhouse horticulture.

[Web http://www.f-clean.net/](http://www.f-clean.net/)



2 Ion-exchange Membrane Treats Well Water for Supply of Pure Water to Large Numbers of People SELEMION™ for Underground Water Desalination Equipment (India)



Water environmental degradation including water shortages and rising salinity of groundwater caused by droughts and other weather phenomenon is getting worse and worse in many regions around the world. Water treatment and desalination systems using ion-exchange membrane "SELEMION™" manufactured by the AGC Group provide one of water treatment function for water purification and desalination which are necessary for the production and stable supplies of irrigation and drinking, and making it possible to contribute an improvement of environments, health and sanitary conditions of local residents. Utilizing the experiences in the installation/use of water desalination equipment, the AGC Group plans to expand business in regions, which is experiencing water shortages caused by drought and worsening contamination of groundwater.

Product

SELEMION™ is a hydrocarbon type ion-exchange membrane sold by AGC ENGINEERING CO., LTD. By reducing the salinity of water (desalination) or increasing it (concentration), it can purify waste water as well as recover and refine valuable materials.

Web http://www.agec.co.jp/selemion/index_en.htm

3 Restoring the Abundance of the Oceans by Reviving Tropical Coral Reefs Polyvinyl Chloride Resin for Coral Reef Revival Project (Thailand and Indonesia)

The decline of coral reefs is a serious problem around the world. The AGC Group is using Polyvinyl Chloride (PVC) resin to protect valuable coral reefs. Cement materials are often used as a foundation to promote the growth of coral on the ocean bottom, but by using PVC, which has the same durability but is lighter and easy to mold, installation is easier. This project is currently underway in Thailand and Indonesia. Through the coral reef revival project, the AGC Group is also raising awareness of local people regarding the preservation of coral reefs.



Project

In Thailand, Vinythai Public Company Limited began a coral reef preservation project in 2003. The company reached its target of cultivating 80,000 coral branches in 2016 as part of a long-term project that started in 2008. The company is continuing its coral revival activities with the participation of students and others. In Indonesia, PT. Asahimas Chemical began revival of a coral reef off the shore of Sangiang in 2016.

Product

Polyvinyl Chloride (PVC) resin: PVC resin is one of the four leading general purpose plastics along with polyethylene, polypropylene, and polystyrene. The AGC Group manufactures PVC in Thailand, Indonesia, and Vietnam. PVC has a wide range of applications from fundamental industry such as water pipes, sewer pipes, electric wires, building materials, and other urban infrastructure to daily-use goods and cutting-edge electronics.

Web <http://www.agc-chemicals.com/jp/en/products/detail/index.html?pCode=JP-EN-C008>

Energy-Saving and Energy-Generating Products Contribute to the Creation of Zero-Energy Buildings

Zero-Energy Buildings (ZEB) have gained more attention recent years. Creating ZEB entails not just saving energy, but also generating energy, and the objective is buildings that create energy. The AGC Group products contribute to energy-saving and energy-generating initiatives.

Zero-Energy Buildings (ZEB): A building intended to have a zero primary energy consumption balance over the course of a year by saving energy and introducing renewable energy. Buildings are divided into three categories—ZEB, Nearly ZEB, and ZEB Ready—according to the degree of reduction in primary energy consumption.



AGC has been certified for the subsidy of a ZEB-related project from the Shizuoka Environment Resources Association.

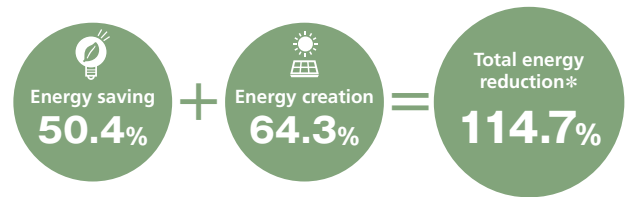
Overview of the Kashima Plant Administrative Building
 Location: 25 Towada, Kamisu-City, Ibaraki Prefecture, Japan
 Usage: Office building
 Total floor area: 1,435 m²
 Floors: 2 stories
 ZEB category: ZEB

Rendering of completed building

At the Kashima Plant (located in Kamisu City, Ibaraki Prefecture), AGC is constructing ZEB facilities that generate electricity. In order to create a ZEB, the design includes the use of AGC Group products and materials.

The front part of the building uses glass that combines high heat insulating effects and photovoltaic modules to achieve not just energy savings, but also energy generation. In addition, the walls and other parts utilize urethane foam insulation made with AGC Group materials to increase energy-saving effects.

The building is scheduled for completion in December 2018. The new ZEB facilities are expected to serve as a showcase for AGC's environmentally-friendly products.



* Reduction rate (%) as compared with the standard primary energy consumption

Energy creation



Glass-integrated PV module Sunjoule™ SUDARE

Sunjoule™ is a photovoltaic system product that uses large modules made from laminated glass to provide natural lighting. Sunjoule™ SUDARE is a *sudare* (screen) type photovoltaic system that employs monocrystalline silicon cells to achieve transparency while generating electricity. The product is characterized by its ability to generate electric power in openings. Sunjoule™ SUDARE utilizes the light transmission properties and durability of glass and can be used in a variety of locations.

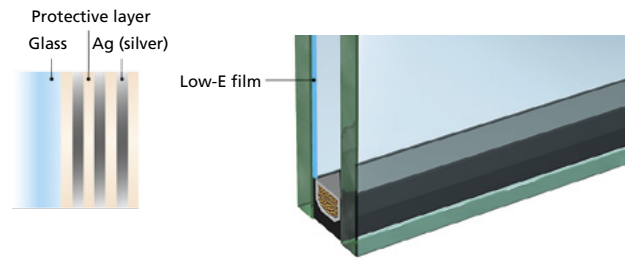


Energy saving



Low-E double glazing Sunbalance™ Triple Cool

Sunbalance™ low-E insulating double glazing glass has high energy-saving effects and can reduce the heating and cooling loads of buildings, contributing to reductions in carbon dioxide emissions. It is also a balanced product that uses natural light to achieve optimal indoor illumination. Sunbalance™ Triple Cool has three layers of silver film to achieve higher heat blocking and heat insulating properties while maintaining visible light transmissivity.



Energy saving



Raw material for heat-insulating urethane foam EXCENOL™

Urethane products are used in a wide variety of day-to-day situations such as soft sponges, rubber, and hard insulating materials. EXCENOL™ is used by customers as the main raw material for urethane products in a wide range of applications.

Web <https://www.agc-chemicals.com/jp/en/products/detail/index.html?pCode=JP-EN-U004>



AGC Glass Europe Headquarters Building (Belgium)

The AGC Glass Europe headquarters building adopted a structure with nearly zero building energy consumption. Needed energy is provided from renewable energy sources, and the building roof has approximately 900 photovoltaic panels that generate about 200,000kWh of electric power annually.

In addition, natural light is used to illuminate the building and geothermal energy is used for heating and cooling, cutting energy consumption in offices.

Furthermore, rainwater is used for toilets and other sanitary facilities, outdoor cleaning, and garden management, and only lumber certified under the Programme for the Endorsement of Forest Certification (PEFC) was used for building construction. Native species were used to create gardens, a biodiversity program was implemented, a beehive installation program is being conducted in collaboration with CARI, a local NGO, and various other initiatives are being carried out.

External Evaluation

- The building received an "Excellent" rating under the Building Research Establishment Environment Assessment Method (BREEAM).
- The building won an award in the Belgian Environment and Energy Award 2017 Sustainable Building Category.

The AGC Group is Raising the Transparency and Agility of Management Oversight and Execution.

Approach to Corporate Governance

Under the AGC Group Corporate Governance Basic Policy, AGC Inc. strives to strengthen and improve its corporate governance with a view to ensuring its sustainable growth and raising the AGC Group's corporate value over the medium and long term.

The Company is responsible for managing the AGC Group as a whole, beyond the conventional framework of a parent company and subsidiaries. On that basis, the following is the Company's basic approach to its corporate governance system:

- The management oversight function and management execution function shall be clearly separated
- In the execution of management, corporate functions and the business execution function shall be clearly separated

Framework for Management Oversight

► Structure and Role of the Board of Directors

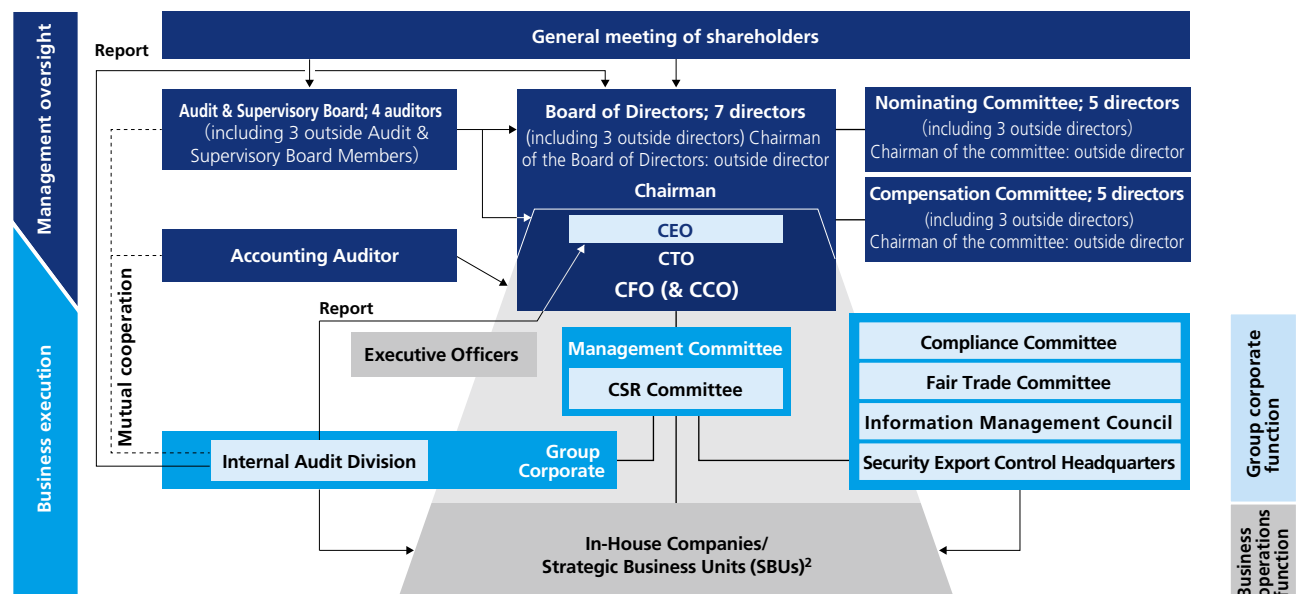
The Board of Directors of AGC Inc. consists of seven directors, each appointed to a one-year term, and includes three outside directors, including one female director¹. The Board is responsible for the approval of the AGC Group's basic policies and monitoring its management.

The Company first employed outside directors in 2002 in an effort to enhance the management oversight function. Outside directors are appointed in compliance with the requirements under the Companies Act of Japan as well as the Company's own selection criteria designed to ensure director independence.

Outside directors monitor issues concerning the Group's business management and offer advice to the Board of Directors from an independent and objective standpoint, based on their extensive experience in global corporate management and knowledge of corporate governance related issues. In principle, meetings of the Board of Directors are chaired by an outside director.

¹ As of March 29, 2018

Overview of Corporate Governance Structure (as of March 29, 2018)



² An In-house Company is defined as a business unit with net sales exceeding 200 billion yen which conducts its business globally. At present, there are four In-house Companies: the Building & Industrial Glass Company, the Automotive Company, the Electronics Company and the Chemicals Company. Business units smaller than this are defined as Strategic Business Units (SBUs).

**► Assessment of the Effectiveness of the Board of Directors
Evaluating the Effectiveness of the Board of Directors**

The effectiveness of the Board of Directors of AGC Inc. is subject to annual assessment and evaluation.

Evaluation of the effectiveness of the Board of Directors in 2017 took the form of self-evaluation by all members comprising the Board.

First, each director evaluated the effectiveness of the Board by responding to the questionnaire and answering questions in an individual interview. The Board then examined the evaluation results and discussed measures to improve the effectiveness of the Board of Directors.

Outline of the Evaluation Results and Future Efforts

As a result of the above evaluation, the Company's Board of Directors, Advisory Committee, etc., were evaluated as having a proactive discussion in a small group and open atmosphere and that the board has maintained appropriate management with satisfactory effectiveness.

On the other hand, augmentation of strategic discussions has been raised as an improvement issue. The AGC Group will continue to maintain the appropriate management system and an environment to ensure frank discussions within the Board of Directors and the Advisory Committee, working diligently on the issues clarified by the effectiveness evaluation. This will continuously improve the functions of the Board of Directors, Advisory Committee and other parties.

► Structure and Roles of the Nominating Committee and Compensation Committee

AGC Inc. established its Nominating and Compensation Committees in 2003 as voluntary advisory committees of the Board of Directors. Outside directors serve as the chairpersons of both committees.

► Structure and Role of the Audit & Supervisory Board

The Audit & Supervisory Board audits the performance of directors by attending important meetings, including meeting of the Board of Directors and the Management Committee, and by holding regular meetings with representative directors. The audit & supervisory board members also enhance the effectiveness of auditing by exchanging views and checking information concerning audit results and other matters in cooperation with accounting auditor and the Internal Audit Division. AGC Inc. has four audit & supervisory board members in total, of which three were outside audit & supervisory board members³.

³ As of March 29, 2018

Number of Meetings of the Board of Directors and Audit & Supervisory Board (Fiscal 2017)

The Board of Directors	14
The Audit & Supervisory Board	14

Framework for Management Execution

At AGC Inc., the management execution function is the responsibility of executive officers below the president & CEO. As an advisory committee to the president & CEO, the Company establishes the Management Committees and discusses business management monitoring and decisions regarding management execution. A system of In-house Companies (quasi-subidiaries within the Group) has been introduced and a global consolidated management system is adopted with regard to business execution. Much of the responsibility and authority for business execution has been delegated to the In-house Companies and Strategic Business Units.

Compensation System

► Basic Philosophy on Compensation System for Directors and Audit & Supervisory Board Members

AGC Inc. sets out its principles which consist of the basic stance and philosophy on overall compensation for directors and audit & supervisory board members as follows.

- The compensation system shall be one that enables the Company to attract, secure and reward diverse and talented personnel, in order to establish and expand the Company's edge over its peers.
- The compensation system shall be one that promotes continued improvement of corporate value, and in this way allows shareholders and management to share gains.
- The compensation system shall be one that gives motivations to achieve performance goals relating to management strategies for the AGC Group's continuous development.
- The decision-making process of determining compensation shall be objective and highly transparent.

Internal Control

In response to the enactment of the Companies Act of Japan, AGC Inc. established a basic policy for internal control in May 2006, with the aim of confirming that its business execution systems, including the compliance system, were functioning appropriately.

Furthermore, the Company adopted an internal control reporting system in compliance with Japan's Financial Instruments and Exchange Act, and on that basis, created the AGC Group Internal Control over Financial Reporting Implementation Regulations, and is maintaining and implementing the system to ensure sound financial reporting.

Committee Activities in Fiscal 2017

	Number of members	Duties	Number of meetings held
Nominating Committee	5 Directors (of which 3 are outside directors)	Deliberate on candidates for director and executive officer positions, and make recommendations to the Board of Directors	7 times
Compensation Committee	5 Directors (of which 3 are outside directors)	Deliberate on the compensation system for directors and executive officers, directors' compensation limits and bonuses to be reported to the general shareholders meeting, and the amount of compensation for executive officer	9 times

▶ Board of Directors



Hiroshi Kimura

Outside Director
Chairman of the Board of Director

Appointed in March 2013
Member of the Nominating Committee and Compensation Committee
Outside Director of Nomura Holdings, Inc.
Outside Director of IHI Corporation

Kazuhiko Ishimura

Director, Chairman

Appointed in March 2014
Chairman of the Nominating Committee and Member of the Compensation Committee
Professor, Graduate School of Commerce and Management, Hitotsubashi University
Outside Director of Tokio Marine Holdings, Inc.
Outside Director of Mitsui Fudosan Co., Ltd.

Yasuchika Hasegawa

Outside Director

Appointed in March 2017
Chairman of the Compensation Committee and the Member of the Nominating Committee
Corporate Counselor of the Board of Takeda Pharmaceutical Co., Ltd.

Yoshinori Hirai

Representative Director,
Executive Vice President, CTO

Takuya Shimamura

Representative Director,
President & CEO

Shinji Miyaji

Representative Director,
Executive Vice President, CFO, CCO

Executive Officers

President & CEO

Takuya Shimamura
CEO

Executive Vice Presidents

Yoshinori Hirai
CTO
GM of Technology General Div.

Shinji Miyaji

CFO, CCO

Senior Executive Officers

Marehisa Ishiko
President of Automotive Company

Jean-François Heris
President of Building & Industrial Glass Company

Yoshinori Kobayashi
President of Electronics Company

Masao Nemoto

President of Chemicals Company

Kenzo Moriyama
GM of Corporate Planning General Div.

Executive Officers

Tadayuki Oi
Senior Vice President of Building & Industrial Glass Company

Kimikazu Ichikawa
Chief Representative of AGC Group for Asia Pacific

Shigekuni Inoue
GM of Production Technology Div., Technology General Div.

Seigo Washinoue
GM of Display Glass General Div., Electronics Company

Kazuaki Koga

GM of Essential Chemicals General Div., Chemicals Company

Takashizu Minato
GM of Performance Chemicals General Div., Chemicals Company

Masahiro Takeda
Regional President for Asia Pacific, Building & Industrial Glass Company

Takashi Misu
GM of Human Resources Div.

Tatsuo Sugiyama
Regional President for Americas, Automotive Company

Takahisa Sugiyama
GM of Electronic Materials General Div., Electronics Company

Jean-Marc Meunier

Regional President for Europe, Automotive Company

Naoki Sugimoto
GM of New Product R&D Center, Technology General Div.

Fumiaki Hayashi
GM of Purchase & Logistics Div.

Katsufumi Yajima
Senior Vice President of Automotive Company

Toshiro Kasuya
GM of Finance & Control Div.

Tadashi Hiraoka
GM of Technology Management General Div., Chemicals Company

Philippe Bastien
Regional President for Europe, Building & Industrial Glass Company

Toshihiro Ueda

Chief Representative of AGC Group for China

Hideyuki Kurata
GM of Life Science General Div., Chemicals Company

Atsushi Ichikawa
GM of Innovative Technology Research Center, Technology General Div.

Audit & Supervisory Board Members

Tetsuo Tatsuno

Yasushi Marumori (Outside)

Hiroshi Kawamura (Outside)

Akio Sakumiya (Outside)

Note GM: General Manager

As of March 29, 2018

AGC's Communication Tools

For all stakeholders

AGC Report 2018

(This report)

www.agc.com/en/csr/book/

A Broad Overview of the AGC Group's Corporate Vision, Business Strategies and Business Activities



AGC Group Website

www.agc.com/en

Provides information about the AGC Group more widely, timely and in more detail



For shareholders and investors

Financial Review

www.agc.com/en/ir/library/financial/

Reports the AGC Group's business outline and financial information including consolidated financial statements (PDF file only)



For CSR-related experts¹ and stakeholders with an interest in CSR

CSR Website

www.agc.com/en/csr/

Provides a comprehensive report on the AGC Group's efforts to fulfill its social responsibilities



CSR Report

www.agc.com/en/csr/book/

Reports on the AGC Group's non-financial data and its various CSR policies and organizations for promoting CSR-related activities (PDF file only)



¹ ESG research agencies, etc.

AGC Studio



The AGC Studio is the AGC Group's showroom, displaying a wide range of products that contribute to urban development and development of spaces.

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Scope

- **Reporting Period** Fiscal 2017 (Jan.–Dec. 2017)
- **Organizations Covered in the Report** AGC Inc. and its 210 consolidated subsidiaries (Group companies in and outside Japan)
- **Primary Notation and Report Targets Used in the Report**
 The AGC Group Same as "Organizations Covered in the Report" mentioned above.
 AGC Inc./the Company AGC Inc. (on an unconsolidated basis)

Date of Publication

July 2018 (Last date of publication: April 2018)

Regarding Future Assumption, Forecasts and Plans

Future perspectives described in this report are based on the latest information available to the AGC Group at the time of editing this report. Nevertheless, please note that results and consequences may vary with fluctuations in the business environment.

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