

February 7, 2024

Corporate Name: AGC Inc.
President & CEO: Yoshinori Hirai
(Code Number: 5201; TSE Prime section)
Contact: Chikako Ogawa, General Manager,
Corporate Communications & Investor Relations Division
(Tel: +81-3-3218-5603)

Notice Regarding the Revision of Calculation Method for Stock Compensation to Directors, etc. of the Company

AGC Inc. (hereinafter referred to as the "Company") reached the decision at its meeting of the Board of Directors on February 7, 2024 to submit a proposal for the revision of the stock compensation plan (hereinafter referred to as "the Plan") for its Directors and Executive Officers (excluding non-residents of Japan; hereinafter referred to as "Directors, etc."), which has been introduced since fiscal year 2018, to the 99th Annual General Meeting of Shareholders (hereinafter referred to as "the Meeting of Shareholders") to be held on March 28, 2024. The details are described below.

This revision is only to change the performance-linked indicators in accordance with the formulation of the new medium-term management plan, and does not change any other details of the Plan, including the maximum amount of contribution, the maximum number of shares to be delivered, etc.

1. Details and Background of Revisions to the Plan

- (1) Under the management policy **AGC plus 2.0** AGC Group has announced a new long-term management strategy, "Vision 2030". Our goals under this strategy are to contribute to the realization of a sustainable society and achieve continuous growth and evolution as an excellent company by providing unique materials and solutions. To achieve this goal, we have formulated **AGC plus-2026**, our new medium-term management plan which covers the three-year period from 2024 to 2026.

The purpose of the Plan is to motivate Directors, etc. to contribute to the enhancement of corporate value over the medium to long term, and to share profits with shareholders, by clarifying the linkage between the remuneration of Directors, etc. and the business performance as well as the stock price of the Company. Following the formulation of **AGC plus-2026**, among the performance-linked indicators of the Plan, we would propose to revise the financial indicators as well as to include stock price / non-financial indicators, so that the Plan will further contribute to improving corporate value over the medium to long term.

- (2) This revision will make the following changes to the indicators for evaluating the degree of achievement of performance targets related to the performance-linked portion of the Plan, which were approved at the 93rd Annual General Meeting of Shareholders (held on March 29, 2018) and the 97th Annual General Meeting of Shareholders (held on March 30, 2022).

Before Revision	After Revision
The indicators used to evaluate the degree of achievement of performance targets, etc. shall be consolidated ROCE and EBITDA (earnings before interest, taxes, depreciation, and amortization), etc., which are key indicators for achieving the performance targets in the medium-term management plan.	The Company will evaluate the degree of achievement of performance targets based on the following indicators. (i) Financial Indicators : ROE and EBITDA (Simplified calculation based on operating income + depreciation and amortization) (ii) Stock Price Indicators: Relative TSR (vs. TOPIX) (Note 1) (iii) Non-financial Indicators: GHG emissions per unit of sales (Note 2) and employee engagement

(Note 1) Relative TSR (vs. TOPIX): TSR stands for Total Shareholder Return and refers to the total investment yield for shareholders (total shareholder return), which includes capital gains and dividends. Relative TSR (vs. TOPIX) compares the Company's equity TSR for the subject period to the average TSR of TOPIX component stocks.

(Note 2) GHG emissions per unit sales: GHG emissions per unit sales is an indicator of the amount of GHG (greenhouse gases) emitted by our group divided by net sales and indicates the carbon efficiency of our business activities.

- (3) To ensure objectivity and transparency in the compensation decision-making process, the Company has established a Compensation Committee, chaired by an outside director, and composed of a majority of outside directors, as a voluntary advisory committee to the Board of Directors. This revision has gone through deliberation of the Compensation Committee.

2. Summary of the Plan

- (1) This plan is a stock compensation plan using a Board Incentive Plan (BIP) trust (hereinafter referred to as "BIP Trust"). The BIP Trust, like performance-linked stock compensation (Performance Share) and restricted stock compensation (Restricted Stock) which are popular in Europe and the U.S., is a system under which the Company's shares and converted cash (hereinafter referred to as "Company's stock etc.") are delivered and paid to Directors, etc. in accordance with their position, achievement of performance targets in the medium-term management plan, etc.

*The details of this program are described in the Appendix.

Components	Outline	Eligible Persons
Performance-linked component	The Company's Shares, etc. will be delivered, etc. to Directors, etc. in accordance with their positions and weighted average of the level of achievement, etc. of performance targets for each fiscal year in the medium-term management plan. Financial indicators shall be weighted averages* of the degree of achievement of performance targets, etc., for each fiscal year of the medium-term management plan.	• Directors who serve concurrently as Executive Officers; and Executive Officers

Fixed component	A fixed number of the Company's Shares, etc. will be delivered, etc. to Directors, etc. in accordance with their positions.	<ul style="list-style-type: none"> • Directors who serve concurrently as Executive Officers; and Executive Officers • Directors who do not serve concurrently as Executive Officers (including Outside Directors)
-----------------	---	---

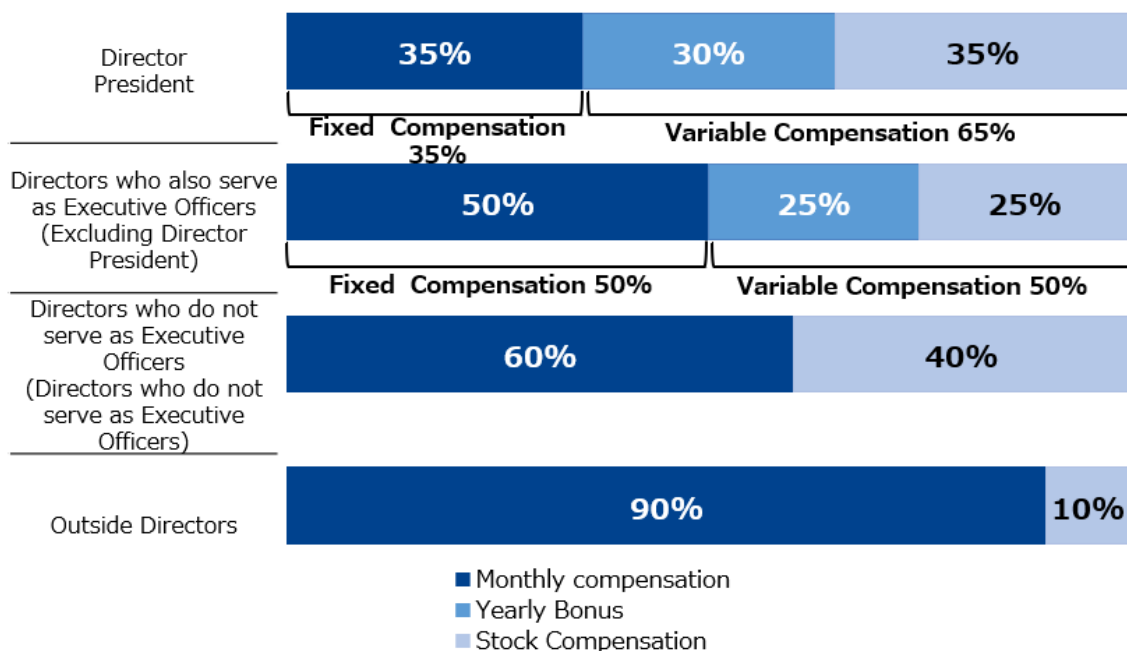
* The weighted average of the degree of achievement, etc. of each fiscal year for the period covered by the medium-term management plan beginning with the fiscal year ending December 31, 2024, is calculated by evaluating each fiscal year in the ratio of 25:25:50.

(2) The composition of compensation of Directors, etc.

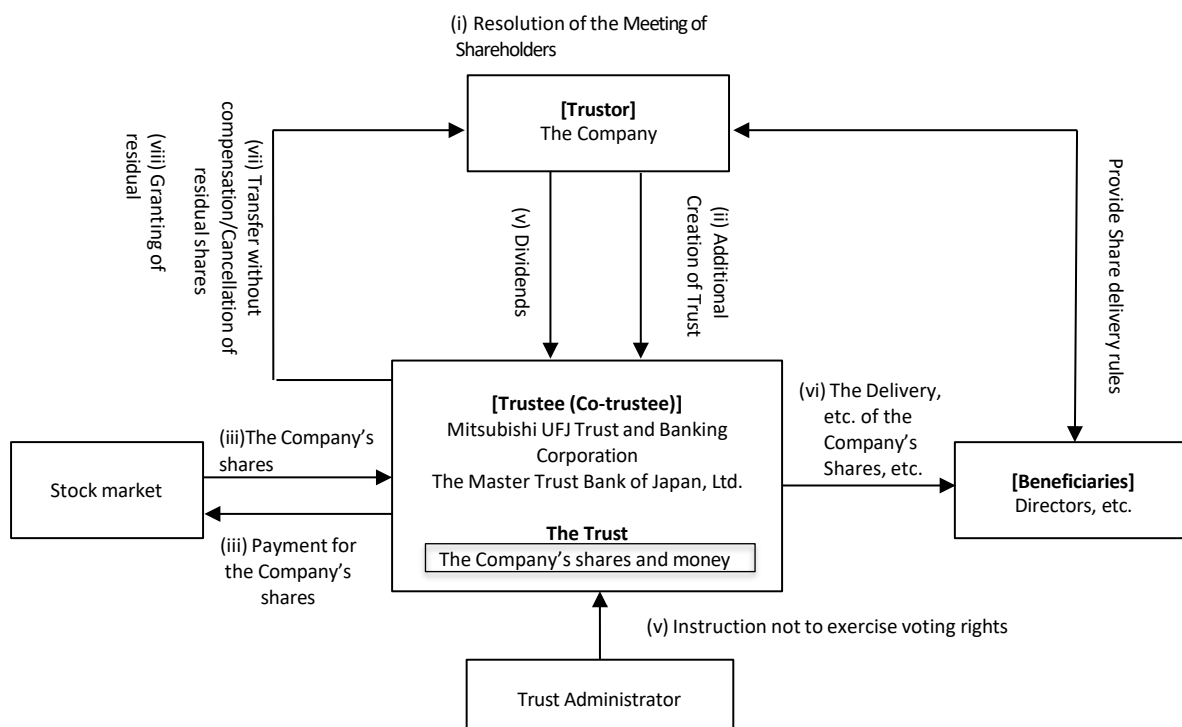
The composition of compensation of Directors, etc., including the Plan, is as follows.

Composition of compensation	Fixed compensation	Variable compensation		
	Monthly compensation	Bonuses	Stock compensation	
Eligible persons			Performance-linked component	Fixed component
Directors who serve concurrently as Executive Officers; and Executive Officers	✓	✓	✓	✓
Directors who do not serve concurrently as Executive Officers (including Outside Directors)	✓			✓

- * The fixed component of the stock compensation will not be linked to company performance but will only be linked to the Company's share price.
- * Based on the standard payment amount, the proportion of compensation of Directors will be approximately as follows.



3. Structure of BIP Trust



- (i) The Company is planning to obtain approval for the revision of the Plan at the Meeting of Shareholders. As Compensation Regulation for the Plan, the share delivery rules were previously resolved at a meeting of the Board of Directors.
- (ii) The Company will place additional trust funds in trust up to the difference between the maximum amount of money to be contributed to the trust by the Company approved at 97th Annual General Meeting of Shareholders and the amount of trust funds previously contributed.
- (iii) The Trust will acquire the Company's shares from the stock market, using the money additionally entrusted in (ii) above as the source of funds, in accordance with the instructions of the Trust Administrator. The total number of shares to be acquired by the Trust shall be within the range to be approved by the resolution of 97th Annual General Meeting of Shareholders (up to 495,000 shares in total (including 6,000 shares in total for Outside Directors) during the subject period (three fiscal years)).
- (iv) Dividends on the Company's shares under the Trust will be paid in the same manner as for other Company's shares.
- (v) Voting rights for the Company's shares under the Trust will not be exercised throughout the Trust period.
- (vi) During the Trust period, beneficiaries will receive the Company's shares (shares constituting less than one share unit will be disregarded), in accordance with the Company's share delivery rules, equivalent to 50% of points after the points have been granted. Meanwhile, the Company's shares in the number equivalent to the remaining points will be converted into cash under the Trust and Beneficiaries will receive money equivalent to the converted value in accordance with the Trust Agreement.
- (vii) Residual shares that arise at the expiry of the Trust period will be subject to the Delivery, etc. to Directors, etc. if the Trust continues to be used for the Plan or similar stock compensation plan. If the Trust is terminated due to expiry of the Trust period, the Trust will transfer the said residual shares to the Company without compensation, and the Company will cancel the said residual shares by resolution of the Board of Directors.
- (viii) Any residual dividends with respect to the Company's shares under the Trust that arise at the expiry of the Trust period will be utilized as funds to acquire the Company's shares in the case where the Trust will continue to be used, but in cases where the Trust is terminated at the expiry of the Trust period, the portion exceeding the reserves for trust expenses will be donated to organizations that have no interest with the Company and Directors, etc.

- * In the case where the number of shares under the Trust might fall short of the number of shares corresponding to the number of points to be granted to Directors, etc. during the Trust period, or in the case where the money in the trust property might be insufficient to pay trust fees and trust expenses, the Company may entrust additional money to the Trust to the extent of the upper limit of trust money stipulated in Appendix “Maximum amount of money to be contributed by the Company” .

(For reference)

[Details of Trust Agreement]

(i) Type of Trust:	Monetary trust other than a specified solely-administered monetary trust (Third party benefit trust)
(ii) Purpose of Trust:	Introduction of stock compensation plan for Directors, etc.
(iii) Trustor:	The Company
(iv) Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
(v) Beneficiaries:	Directors, etc. who meet the beneficiary requirements
(vi) Trust administrator:	A third person who has no interest with the Company (Certified Public Accountant)
(vii) Date of Trust Agreement:	May 9, 2018
(viii) Trust Period:	From May 9, 2018 to May 31, 2024 (The Trust Period is planned to be extended until May 31, 2027)
(ix) Start date of the Plan:	May 9, 2018
(x) Exercise of Voting rights:	No voting rights will be exercised.
(xi) Type of shares to be acquired:	Common stock of shares of the Company
(xii) Upper limit of the amount of trust money:	2.25 billion yen (incl. trust fees and trust expenses)
(xiii) Timing of share acquisition:	From May 13, 2024 (scheduled) to May 31, 2024 (scheduled) (excluding the period from five business days before the end of each fiscal period (including the quarterly fiscal period) to the end of the fiscal period)
(xiv) Method of share acquisition:	To be acquired from the stock market
(xv) Rights holder:	The Company
(xvi) Residual property:	The residual property that the Company, as the rights holder, may receive will be within the extent of reserves for trust expenses, which are calculated by deducting funds to acquire the Company's shares from the trust money.

<Appendix: Details of the Plan>

Underlines indicate revised portions.

<p>Outline</p>	<p>The Plan is a stock-based compensation plan, under which the Company's shares are acquired through a trust funded by money contributed by the Company, and the Company's shares are delivered to Directors, etc. through the trust. The Plan consists of a "performance-linked portion" in which the Company's shares are delivered in conjunction with the degree of achievement of performance targets, etc., depending on the position, and a "fixed portion" in which a certain number of Company shares are delivered in conjunction with the position, independently from performance.</p>											
<p>Persons to whom the Company's shares, etc. are to be delivered, etc.</p>	<table border="1" data-bbox="488 600 1442 875"> <thead> <tr> <th data-bbox="488 600 930 667"></th> <th data-bbox="930 600 1214 667">Performance-linked Component</th> <th data-bbox="1214 600 1442 667">Fixed Component</th> </tr> </thead> <tbody> <tr> <td data-bbox="488 667 930 770">Directors who serve concurrently as Executive Officers; and Executive Officers</td> <td data-bbox="930 667 1214 770" style="text-align: center;">✓</td> <td data-bbox="1214 667 1442 770" style="text-align: center;">✓</td> </tr> <tr> <td data-bbox="488 770 930 875">Directors who do not serve concurrently as Executive Officers (including Outside Directors)</td> <td data-bbox="930 770 1214 875"></td> <td data-bbox="1214 770 1442 875" style="text-align: center;">✓</td> </tr> </tbody> </table> <p>(Note) The performance-linked portion and the fixed portion for Directors and Directors who concurrently serve as Executive Officers are 50% each. Directors who do not concurrently serve as Executive Officers will receive only the fixed portion.</p>				Performance-linked Component	Fixed Component	Directors who serve concurrently as Executive Officers; and Executive Officers	✓	✓	Directors who do not serve concurrently as Executive Officers (including Outside Directors)		✓
	Performance-linked Component	Fixed Component										
Directors who serve concurrently as Executive Officers; and Executive Officers	✓	✓										
Directors who do not serve concurrently as Executive Officers (including Outside Directors)		✓										
<p>Target Period</p>	<p>Three fiscal years covered by the Company's medium-term management plan</p> <p>(Note) The first period covered by the revised plan, will be the three fiscal years from the fiscal year ending December 31, 2024 to the fiscal year ending December 31, 2026.</p>											
<p>Maximum amount of money to be contributed by the Company</p>	<p>Total 2.25 billion yen per Target Period (including 25 million yen for outside directors)</p> <p>(Note) Trust funds include trust fees and trust expenses as well as funds for the acquisition of shares by the Trust during the Trust Period.</p>											
<p>The maximum number of the Company's shares (including shares subject to disposition in exchange) to be delivered, etc. to Directors, etc.</p>	<p>Total of 495,000 shares (including 6,000 shares for outside directors) per Target Period.</p> <p>(Note) The average number of shares per fiscal year is 165,000. The ratio to the Company's total number of issued shares (as of December 31, 2023, after deduction of treasury stock) is approximately 0.08%. Since the Company's shares will be acquired from the stock market, there will be no dilution.</p>											
<p>Method of Calculating the Number of Shares, etc. of the Company to be Delivered to Directors, etc.</p>	<ul style="list-style-type: none"> - The number of shares of the Company's stock (including shares subject to disposition in exchange) to be delivered, etc. to Directors, etc. is determined by the number of "Share Delivery Points". - Share Delivery Points are calculated based on the base points granted for each fiscal year during the Target Period in accordance with the position of Directors, etc. The base points for Executive Officers and Directors who concurrently serve as Executive Officers consist of a performance-linked portion and a fixed portion, while the base points for Directors who do not concurrently serve as Executive Officers consist of only the fixed portion. One share of the Company's stock shall be delivered for each Share Delivery Point, and any fraction less than one point shall be rounded down. However, if the Company's shares are subject to a stock split or reverse stock split, etc. during the Trust Period, the number of Share Delivery Points and the maximum number of Company shares to be delivered, etc. will be adjusted in accordance with the split ratio, reverse stock split ratio, etc. 											

	<p>(i) Performance-linked Portion</p> <p>Points for the performance-linked portion for Executive Officers and Directors who concurrently serve as Executive Officers shall be calculated by accumulating points equivalent to 50% of the base points granted for each fiscal year during the Target Period, and multiplying this cumulative total by the performance-linked coefficient after the end of the Target Period.</p> $\text{Cumulative 50\% of the base points awarded in each fiscal year} \times \text{performance-linked coefficient}^*$ <p>(*) Please refer to the details of the performance achievement conditions for the performance-linked portion below.</p> <p>(ii) Fixed Portion</p> <p>The fixed portion of points for Executive Officers, Directors who concurrently serve as Executive Officers, and Directors who do not concurrently serve as Executive Officers shall be calculated as follows;</p> <ul style="list-style-type: none"> ➤ (Executive Officers and Directors who concurrently serve as Executive Officers) <p>Cumulative total of 50% of the base points granted for each fiscal year</p> ➤ (Directors who do not concurrently serve as Executive Officers) <p>Cumulative total of the base points to be granted in each fiscal year</p> <p>(iii) Share Delivery Points</p> <p>Based on (i) and (ii) above, the Share Delivery Points for Executive Officers, Directors who concurrently serve as Executive Officers, and Directors who do not concurrently serve as Executive Officers shall be calculated as follows.</p> <ul style="list-style-type: none"> ➤ (Executive Officers and Directors who concurrently serve as Executive Officers) <p>Points of the performance-linked portion stipulated in (i) above + points of the fixed portion stipulated in (ii) above</p> ➤ (Directors who do not concurrently serve as Executive Officers) <p>Points of the fixed portion stipulated in (ii) above</p>
<p>Details of the performance achievement conditions for the performance-linked portion</p>	<ul style="list-style-type: none"> - The performance-linked coefficient varies between 0 and 200% depending on the degree of achievement of performance targets in the medium-term management plan etc. - The Company will evaluate the degree of achievement of performance targets based on the following indicators. <ul style="list-style-type: none"> (a) <u>Financial Indicators: ROE and EBITDA (Simplified calculation based on operating income + depreciation and amortization)</u> (b) <u>Stock Price Indicators: Relative TSR (vs. TOPIX)</u> (c) <u>Non-financial Indicators: GHG emissions per unit of sales and Employee Engagement</u>

<p>Method and timing of delivery of the Company's shares, etc. to Directors, etc.</p>	<ul style="list-style-type: none"> - Directors, etc. who satisfy the requirements for beneficiaries after the end of the Target Period, are entitled to receive the Company shares equivalent to 50% of the number of Share Delivery Points (rounding down shares less than one unit), and a cash payment equivalent to the amount of the conversion price after converting the Company shares equivalent to the remaining number of share delivery points in the Trust. - Directors, etc. shall continue to hold the Company's shares acquired through this plan until their retirement. - In the event of the death of a Director, etc. who fulfills the requirements for beneficiaries during the trust period, all the Company shares equivalent to the number of Share Delivery Points at that time shall be converted into cash within the Trust, and the heirs of such Director, etc. will be entitled to receive a cash payment equivalent to the amount of such conversion.
<p>Voting rights related to the Company's shares in the Trust</p>	<p>In order to ensure neutrality toward management, voting rights for the Company's shares in the Trust shall not be exercised during the Trust period.</p>
<p>Other details of the Plan</p>	<p>Other details regarding the Plan shall be determined by the Board of Directors each time the Trust is established, the Trust Agreement is amended, or additional contributions are made to the Trust.</p>

At the expiration of the Trust Period of the Trust, instead of establishing a new Trust, the Trust may be continued by amending the Trust Agreement or by conducting an additional trust. In such case, the Trust Period will be extended for another three years, and the Company will make additional contributions to the trust within the total amount of 2.25 billion yen and will continue to grant Share Delivery Points and deliver Company shares, etc. to Directors, etc. during the extended Trust Period. However, in the case of such additional contribution, if there are shares of the Company (excluding shares of the Company equivalent to the Share Delivery Points granted to Directors, etc. that have not yet been delivered, etc.) and money (hereinafter referred to as "Residual Shares, etc.") remaining in the trust assets at the end of the trust period before the extension, the total amount of the Residual Shares, etc. and the additional trust money to be contributed shall be within the amount of 2.25 billion yen.