

Last Update: March 27, 2020

AGC Inc.

Representative Director: Takuya Shimamura

Contact: Kazumi Tamaki, General Manager,

Corporate Communications & Investor Relations Division

Securities Code: 5201

<http://www.agc.com/en/>

The corporate governance of AGC Inc. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Company and its subsidiaries (collectively the “AGC Group” or the “Group”) strives for the reinforcement and improvement of the Company’s corporate governance in order for the AGC Group to achieve both sustainable growth and mid- to long-term enhancement of its corporate value expressed as “Our Mission”, “Our Shared Value” and “Our Sprit” under the Group Vision “Look Beyond”.

As its basic policy on corporate governance structure, the AGC Group clearly separates the functions of "oversight" and "execution" of management, aiming to reinforce the management oversight function while ensuring quick decision-making in management execution. The management oversight function is mainly shouldered by the Company’s Board of Directors, which is a "body that approves basic policies and oversees the management of the Group." The Company has enhanced the objectivity and transparency of management and strengthened its corporate governance structure by appointing three Outside Directors (as of the date of this report) among the Company’s seven Directors, and by having an Outside Director serving as the Chairman of the Board of Directors. To further strengthen the management oversight function, the Company has established the Nominating Committee and the Compensation Committee as voluntary advisory committees of the Board of Directors. By ensuring the majority of members of both committees (as of the date of this report) being Outside Directors, and Outside Directors serving as the Chairman of each committee, the Company has increased objectivity concerning the evaluation, appointment, and compensation of Directors and Executive Officers. The Company also adopts the Audit & Supervisory Board system, and the Audit & Supervisory Board consists of 4 Audit & Supervisory Board member, including 3 Outside Audit & Supervisory Board member (as of the date of this report).

The management execution function is assumed by the President & CEO and the other Executive Officers. The Company also has the Management Committee as an advisory committee for the President & CEO, and it deliberates on decision making for the Group’s management and oversees the business management. With regard to the execution of business operations, the AGC Group employs the In-house Company System by adopting a globally integrated management system and transferring significant responsibility and authority for the execution of business operations to each In-house Company and SBU.

For the details of the Group Vision “Look Beyond”, please refer to “Section I 1 (Basic Views) 【Disclosure Based on the Principles of the Corporate Governance Code】<Principle 3.1 Full Disclosure> (i) Corporate philosophy, management strategies and management plans” of this corporate governance report. The information is also available on the Company’s website.

<http://www.agc.com/en/company/vision/index.html>

【Reasons for Non-compliance with the Principles of the Corporate Governance Code】

The Company complies with each and every principle of the Corporate Governance Code.

【Disclosure Based on the Principles of the Corporate Governance Code】 <Updated>

The Company defines its basic view and policy on overall corporate governance in the AGC Group Corporate Governance Basic Policy, which is available on the Company’s website.

<http://www.agc.com/en/company/governance/index.html>

[Principle 1.4 Cross-Shareholdings]

<Policy on Cross-Shareholdings and Standards for the exercise of Voting Rights with regard to the Strategic-Shareholdings>

In principle, the Company shall not hold company shares for strategic investment unless it is judged that the company shares will contribute to maintaining and reinforcing mid- to long- term relationships with these companies, thereby enhancing the corporate value of the AGC Group.

Every year, with regard to individual shares held for strategic investment, the Board of Directors shall verify on a case-by-case basis the rationality of holding shares for strategic investment from a mid- and long-term perspective by comprehensively examining aspects such as the purpose of holding, and whether the risks and returns associated with holding are commensurate with our estimated capital cost, etc. Further, the Company shall promote the reduction of issues whose holding by the Company is considered to have become less rational.

In relation to the exercise of voting rights with regard to the strategic-shareholdings, the Company shall decide whether or not to vote in support by comprehensively considering factors such as the situation of the companies being invested in as well as whether it contributes to the mid- to long- term enhancement of the corporate value of the companies being invested in and the AGC Group.

【Current Status of Cross-Shareholdings】

In the fiscal year 2019, 24 issues worth ¥57.8 billion were sold (including the sale of a certain number of shares). As a result, the balance sheet value of Cross-Shareholdings is ¥176.7 billion (99 issues) as of the end of 2019.

<Principle 1.7 Related Party Transactions>

Please refer to Article 5 (Prevention of Transactions Contrary to Shareholder Interest) of the AGC Group's Corporate Governance Basic Policy for the framework of procedures in related party transactions.

<Principle 2.6 Exercising the Functions of Asset Owner of Corporate Pension Fund>

The Company's plan assets are managed by AGC Corporate Pension Fund (the "Fund"). In order to secure expertise in plan asset management, the Company systematically allocates to the Fund personnel who are experienced and qualified in human resources, accounting and financial affairs. For the purpose of the appropriate management of conflicts of interest, the Company also allocates executives of the Company's labor union to the Fund's asset management committee, executive board and board of representatives.

The Fund has hired an external consulting firm, established and reviewed the basic policies for management, and obtained third-party opinions regarding asset management to ensure the accumulation of plan assets necessary to provide future payments of pension benefits, etc. In addition, the Fund monitors whether the investment manager appropriately manages assets in terms of both quantitative and qualitative aspects, at a regular management report meeting, etc. held every quarter.

<Principle 3.1 Full Disclosure>

(i) Corporate philosophy, management strategies and management plans

The AGC Group's corporate philosophy "Look Beyond" defines the Group's mission, shared values and spirit. "Our Mission" states the AGC Group's identity and the value the Group should deliver to society. "Our Shared Values" express the key ideas that all AGC Group members must share as the basis for every action we take. "Out Spirit" is the Group's spirit which all of the Group members must pass on from generation to generation and put into practice.

The AGC Group Vision is available on the Company's website.

<http://www.agc.com/en/company/vision/index.html>

The AGC Group aims that, in 2025, the Group's Core Businesses will be serving as solid sources of earnings, the Strategic Businesses will be driving further earnings growth, and the AGC Group will continue being a highly profitable, leading global material and solution provider.

The following is the Group's basic policy toward the "Vision 2025."

- 1) Always look from market perspective, respond to customers' needs, and continue building trust with them
- 2) Achieve sustainable growth in both Core and Strategic Businesses by boldly pursuing strategic M&A opportunities along with the organic growth approach
- 3) Take advantage of high growth in Asia by leveraging regional operations and strategic action in the geographical area covering from Southeast Asia through the Middle East
- 4) Concentrate the Group's management resources into the business fields that have high earnings/growth potential and achieve the business structure with enhanced asset efficiency.

The details of the management strategies and the Group's mid-term management policy "AGC plus-2020" are available on the Company's website.

<http://www.agc.com/en/ir/policy/plan/index.html>

(ii) The Company's view on overall corporate governance

Please refer to Section I 1 (Basic Views) of this corporate governance report and the AGC Group's Corporate Governance Basic Policy for the Company's view on overall corporate governance and the Company's basic policy on corporate governance.

(iii) Policy and procedures for deciding compensations of Directors and Executive Officers

Please refer to Section II 1 (The disclosure policies determining the amount of remuneration or method of calculating remuneration for directors and auditors) of this corporate governance report for the policy and procedures for deciding compensations of Directors and Executive Officers. Please also refer to Article 16 (Compensation Committee), Article 17 (Compensation for Officers) and Appendix 3 (Policy for determining compensation and other emoluments for officers) of the AGC Group's Corporate Governance Basic Policy.

(iv) Policy and procedures for deciding Candidates for Directors and Audit & Supervisory Board members and appointing and dismissing Executive Officers

Please refer to Section II 1 (Voluntary Committee's composition, & occupations of Committee members and the chairperson) of this corporate governance report and Article 14 (Nominating Committee) and Article 15 (Policy and Procedures for Deciding Candidates for Directors and Audit & Supervisory Board Members and Appointing and Dismissing Executive Officers) of the AGC Group's Corporate Governance Basic Policy for the policy and procedures for deciding candidates for Directors and Audit & Supervisory Board members and appointing and dismissing Executive Officers.

(v) Reasons for appointing Directors and Audit & Supervisory Board members

Please refer to the Reference Documents for the General Meeting of Shareholders of the Notice of the 95th Ordinary General Meeting of Shareholders, which is available on the Company's website for the reasons for appointing Directors and Audit & Supervisory Board members.

<http://www.agc.com/en/ir/event/meeting/index.html>

<Supplementary Principle 4.1.1 Scope and content of the matters delegated from the Board to the management>

Please refer to Article 8 (Roles of Board of Directors) of the AGC Group's Corporate Governance Basic Policy for the scope and content of the matters delegated from the Board of Directors to the President & CEO and other Executive Officers.

<Principle 4.9 Independence Standards for Independent Directors>

Please refer to Section II 1 (Other Matters concerning Independent Directors/Auditors) of this corporate governance report and also Appendix 2 (Standards for independence of outside officers) of the AGC Group's Corporate Governance Basic Policy for independence standards for Independent Directors.

<Supplementary Principle 4.11.1 View on the constitution, diversity and size of the Board of Directors>

Please refer to Article 7 (Structure of Board of Directors) and Article 15 (Policy and Procedures for Deciding Candidates for Directors and Audit & Supervisory Board members and Appointing and Dismissing Executive Officers) of the AGC Group's Corporate Governance Basic Policy for view on the constitution, diversity and size of the Board of Directors.

<Supplementary Principle 4.11.2 Directors' and Audit & Supervisory Board members' concurrent positions>

Please refer to the Business Report of the Notice of the 95th Ordinary General Meeting of Shareholders, which is available on the Company's website for the Directors' and Audit & Supervisory Board members' concurrent positions.

<http://www.agc.com/en/ir/event/meeting/index.html>

<Supplementary Principle 4.11.3 Overview of the results of the evaluation of effectiveness of Board of Directors >

In order to achieve sustainable growth and increase of corporate value over the medium and long terms, the Company believes that it is important to continuously strengthen and further enhance its corporate governance. As part of this commitment, the Board of Directors analyzes and evaluates its effectiveness each year based on the AGC Group Corporate Governance Basic Policy, in order to improve such effectiveness and to further enhance the confidence of stakeholders in the corporate governance of the Company.

【Board of Directors' method of evaluating effectiveness】

AGC has conducted an evaluation of the effectiveness of the Board of Directors three times since FY2016 in the form of a self-evaluation by all members of the Board, and made improvements with respect to issues identified every year. As a result of such efforts, the evaluation is generally improving year by year. Regarding the effectiveness evaluation for fiscal year 2019, the Board of Directors discussed the matter at its meeting held in September 2019 and decided to conduct it with cooperation from an external organization to incorporate new perspectives.

This fiscal year, the effectiveness evaluation was performed on the Board of Directors, the Nominating Committee and the Compensation Committee through questionnaires responded to by each Director and each Audit & Supervisory Board Member and individual interviews with each Director.

Regarding the content of the questionnaires, questions provided by the external organization as to the global-standard governance adopted by companies such as those in the UK and the US, benchmark questions, and questions designed to make concrete improvements to issues identified through the Company's self-evaluations conducted thus far were newly added, in addition to the existing evaluation items that ask about changes over time to the status of the operations of the Board of Directors, the Nominating Committee and the Compensation Committee.

Based on the responses to the questionnaires, individual interviews were carried out by the external organization, with the aim of identifying issues yet to be recognized by the Company to move in the direction toward further improving the effectiveness of the Board of Directors.

Following this, the Board of Directors reviewed the evaluation results and discussed measures to improve its effectiveness.

【Summary of evaluation results and future measures】

As a result of the above evaluation, the Company's Board of Directors, Nominating Committee and Compensation Committee were evaluated as maintaining adequate effectiveness.

As its policy on corporate governance structure, the Company clearly separates the functions of "oversight" and "execution" of management, aiming to reinforce the management oversight function, and, as for the execution of management, the Company ensures quick decision-making in the execution of business operations. The management oversight function is mainly assumed by the Board of Directors, which is a body that approves basic policies and oversees the management execution of the AGC Group.

Aiming to reinforce the management oversight function, the Company has taken steps, such as enhancing the explanations provided in advance to Outside Directors for stimulating strategic discussions, in order to pursue functional improvements to the Board of Directors, the Nominating Committee and the Compensation Committee.

The Board of Directors discussed the analysis results of the responses to the questionnaires and individual interviews by reference to benchmark indicators. As a result, it was confirmed that the Board of Directors, as described above, is operated properly, and has proactive discussions in a small group and in an open atmosphere on agenda items centering on management strategies and the oversight of business operations.

In addition, many members of the Board of Directors have agreed that improvements have been made, such as through the provision of information on the management climate, etc. to Outside Directors, to address issues identified in last year's effectiveness evaluation of the Board of Directors.

The Board of Directors will consider the following items from the viewpoint of further improving its effectiveness.

- Holding discussions aimed at evolving oversight methods to respond to future changes in the management climate and risks in view of the Group's characteristics of conducting business in diverse fields.
- Further enhancing discussions on the proper evaluation of non-financial indicators, such as SDGs, whose importance is expected to increase in the future, taking into account the Group's business structure, etc.

<Supplementary Principle 4.14.2 Training policy for Directors and Audit & Supervisory Board members>

Please refer to Article 19 (Information Provision to Directors and Audit & Supervisory Board members) of the AGC Group's Corporate Governance Basic Policy for the Group's training policy for Directors and Audit & Supervisory Board members.

<Principle 5.1 Policy on Dialogue with Shareholders>

The Company shall work on promoting constructive dialogue with shareholders as one of its important tasks based on the following policies:

1) The President & CEO, etc. shall appropriately disclose and explain the management policy, performance situations and dealing status of major challenges, etc. through explanatory meetings with investors and General

Meeting of Shareholders, etc. to improve dialogue with shareholders.

2) The Executive Officer in charge of IR shall manage the dialogue with shareholders.

3) With regards to dialogue with shareholders, the department in charge of IR shall play a leadership role in sharing information with associated internal departments to promote cooperation.

4) Opinions of shareholders ascertained through the dialogue with shareholders shall be fed back to the Board of Directors, Executive Officers and associated internal departments to promote information sharing.

5) In the dialogue with shareholders, information shall be strictly managed in accordance with the “Management rules for preventing insider trading” in order to prevent the provision of insider information.

Please refer to Article 22 (Dialogue with Shareholders) of the AGC Group’s Corporate Governance Basic Policy for the Group’s policy on dialogue with shareholders.

2. Capital Structure

Foreign Shareholding Ratio	From 20 percent to less than 30 percent
----------------------------	---

[Overview of Major Shareholders] <Updated>

Name of Shareholders	Number of Shares Held	Percentage of Shares Held (%)
The Master Trust Bank of Japan, Ltd.(Trust Account)	18,886,000	8.52
Japan Trustee Services Bank, Ltd.(Trust Account)	12,867,100	5.81
Meiji Yasuda Life Insurance Company	9,615,600	4.34
Barclays Securities Japan Limited	6,057,249	2.73
The Asahi Glass Foundation	5,982,381	2.70
Mitsubishi Estate Co., Ltd.	4,540,606	2.05
Asahi Glass Business Partner Shareholding Association	4,318,533	1.95
Japan Trustee Services Bank, Ltd. (Trust account 5)	4,009,400	1.81
SMBC Nikko Securities Inc.	3,771,600	1.70
Japan Trustee Services Bank, Ltd. (Trust account 9)	3,757,100	1.70
Controlling shareholder (excluding parent company)	-	
Parent company	None	

Supplementary Information <Updated>

- The above information is described as of the end of 2019.

In addition to the above, there are 5,870,670 shares of treasury shares as of the end of 2019.

- ”Percentage of Shares Held” is calculated excluding treasury shares.

(1) On March 22, 2017, a change report pertaining to large-volume holding of the Company’s shares was submitted by Blackrock Japan Co., Ltd. and 6 other companies. The Company is unable to confirm the actual number of shares owned as of December 31, 2019. For this reason, the above list was created based on the number of shares registered on the Company’s shareholder registry. The Company was reported the number of shares owned by each company as of March 15, 2017 as follows.

The number of shares held 60,824 thousand shares; Percentage of total 5.13%
(Details)

BlackRock Japan Co., Ltd.:

The number of shares held 20,157 thousand shares; Percentage of total 1.70%

BlackRock Financial Management Inc.:

The number of shares held 1,348 thousand shares; Percentage of total 0.11%

BlackRock Life Limited:
The number of shares held 2,564 thousand shares; Percentage of total 0.22%

BlackRock Asset Management Ireland Limited:
The number of shares held 4,295 thousand shares; Percentage of total 0.36%

BlackRock Fund Advisors:
The number of shares held 13,333 thousand shares; Percentage of total 1.12%

BlackRock Institutional Trust Company, N.A.:
The number of shares held 16,782 thousand shares; Percentage of total 1.41%

BlackRock Investment Management (UK) Limited:
The number of shares held 2,344 thousand shares; Percentage of total 0.20%

Note: The number of owned shares indicated above is the number of shares before the reverse stock split (five shares of common stock consolidated into one share) executed on July 1, 2017.

(2) On November 5, 2019, a change report pertaining to large-volume holding of the Company's shares was submitted by The Bank of Mitsubishi UFJ, Ltd. and the other company. The Company is unable to confirm the actual number of shares owned as of December 31, 2019. For this reason, the above list was created based on the number of shares registered on the Company's shareholder registry. The Company was reported the number of shares owned by each company as of October 28, 2019 as follows.

The number of shares held 12,558 thousand shares; Percentage of total 5.52%
(Details)

Mitsubishi UFJ Trust and Banking Corporation:

The number of shares held 10,859 thousand shares; Percentage of total 4.77%

Mitsubishi UFJ Kokusai Asset Management Co., Ltd.:

The number of shares held 1,699 thousand shares; Percentage of total 0.75%

(3) On December 27, 2019, a change report pertaining to large-volume holding of the Company's shares was submitted by Barclays Securities Japan Limited and 3 other companies. The Company is unable to confirm the actual number of shares owned as of December 31, 2019. For this reason, the above list was created based on the number of shares registered on the Company's shareholder registry. The Company was reported the number of shares owned by each company as of December 23, 2019 as follows.

The number of shares held 6,735 thousand shares; Percentage of total 2.96%
(Details)

Barclays Capital Securities Ltd.:

The number of shares held 75 thousand shares; Percentage of total 0.03%

Barclays Securities Japan Limited:

The number of shares held 6,361 thousand shares; Percentage of total 2.80%

Barclays Bank PLC:

The number of shares held 299 thousand shares; Percentage of total 0.13%

Barclays Capital Inc.:

The number of shares held 0 thousand shares; Percentage of total 0%

3. Corporate Attributes

Stock Exchange Listings	Tokyo (1 st Section)
Fiscal Year-end	December
Sector	Glass and Ceramics products
Number of Employees (Consolidated)	1,000 and above
Net Sales (Consolidated)	1 trillion yen and above
Number of Subsidiaries and Affiliates	100 and above but less than 300

4. Guidelines on protection of minority shareholder interests in transactions, etc. with controlling shareholders

5. Other Special Circumstances that may have a Material Impact on Corporate Governance

With respect to the subsidiary Ise Chemical Industries Co., Ltd., which lists its shares on the second section of the Tokyo Stock Exchange, the Company provides indirect support for business operations when needed, while respecting its independence as a listed company.

II. Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters

1. Items Concerning Institutional Structure, Organizational Operation, etc.

Organizational Form	Company with an Audit & Supervisory Board
---------------------	---

Directors

Number of directors provided for in the Articles of Incorporation	15
Term of office of directors provided for in the Articles of Incorporation	1
Chairman of the Board of Directors	Outside Director
Number of Board Members	7
Status of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Relation with the Company (1) <Updated>

Name	Occupation	Relation(s) with the Company* ¹										
		a	b	c	d	e	f	g	h	i	j	k
Yasuchika Hasegawa	Executive of another company											
Hiroyuki Yanagi	Executive of another company											
Keiko Honda	Executive of another company											

*Categories for relations with the Company

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

- Person who performs duties at the listed company or its subsidiary
- Person who performs duties at or a non-executive director of the parent company of the listed company
- Person who performs duties at the brother company of the listed company
- Person who has the listed company as the major business partner
- Person who performs duties at a company which has the listed company as the major business partner
- Consultant, accounting specialist or legal profession who earns a large amount of cash and/or other financial assets from the listed company, other than director's remuneration
- Major shareholder of the listed company (or a person who performs duties at the major shareholding company, if the major shareholder is a corporation.)
- Person who performs duties at a business partner of the listed company (Not applicable in the above d, e or f)
- Person who performs duties at a company whose executive officer is from the listed company and the listed company also has an executive officer from the company
- Person who performs duties at a company which has been donated by the listed company
- Others

Relation with the Company (2) <Updated>

Name	Independent Director	Supplementary Information in Regard to Applicable Items	Reason(s) for Appointing the Outside Directors
Yasuchika Hasegawa	✓	-	Yasuchika Hasegawa serves as the Director and Chairman of the board of Takeda Pharmaceutical Company Limited, and has abundant experience in

			<p>corporate management at Takeda Pharmaceutical Company Limited, which is vigorously promoting global operations. The Company appointed him as an Outside Director with the expectation that his valuable suggestions and proposals on the Company's overall business management would enhance the Company's corporate governance.</p> <p>Mr. Hasegawa has also been designated as an Independent Director as the Company confirmed at its non-statutory Nominating Committee, with the majority of the participants being Outside Directors, that he satisfies both the relevant requirements set forth in the Companies Act and the Company's own selection criteria designed to ensure the independence of Outside Directors.</p> <p>It was confirmed that he fulfills the criteria to be Independent Directors/Auditors set forth by the securities listing regulations and the enforcement rules for the securities listing regulations.</p>
Hiroyuki Yanagi	✓	-	<p>Hiroyuki Yanagi serves as Chairman and Director of Yamaha Motor Co., Ltd. and has abundant experience of corporate management at the company, which is vigorously promoting global operations. With such experience, it is believed that he will be able to make proposals on the Company's overall management, which is expected to enhance its corporate governance. We have accordingly nominated him as an Outside Director candidate.</p> <p>Mr. Yanagi has also been designated as an Independent Director as the Company confirmed at its non-statutory Nominating Committee, with the majority of the participants being Outside Directors, that he satisfies both the relevant requirements set forth in the Companies Act and the Company's own selection criteria designed to ensure the independence of Outside Directors.</p> <p>It was confirmed that he fulfills the criteria to be Independent Directors/Auditors set forth by the securities listing regulations and the enforcement rules for the securities listing regulations.</p>
Keiko Honda	✓	-	<p>Keiko Honda has extensive knowledge of corporate management and global organization operations based on her experience of engaging in consulting services over many years, which included providing advice on corporate strategies, M&A, and alliances, etc., as well as experience serving as the representative of a multinational organization. With such experience, it is believed that she will be able to make proposals to the Company's overall management, which is expected to enhance its corporate governance. We have accordingly nominated her as an Outside Director candidate.</p> <p>Ms. Honda has also been designated as an Independent Director as the Company confirmed at its non-statutory Nominating Committee, with the majority of the participants being Outside Directors, that she satisfies both the relevant</p>

			requirements set forth in the Companies Act and the Company's own selection criteria designed to ensure the independence of Outside Directors. It was confirmed that she fulfills the criteria to be Independent Directors/Auditors set forth by the securities listing regulations and the enforcement rules for the securities listing regulations.
--	--	--	---

Any voluntary committee that is equivalent to the Nominating Committee or the Compensation Committee	Yes
--	-----

Voluntary Committee's composition, & occupations of Committee members and the chairperson

	Name of the committee	All members	Full-time members	Directors	Outside directors	Outside experts	Other	Chair person
Voluntary committee equivalent to the Nominating Committee	Nominating Committee	5	0	2	3	0	0	Outside Director
Voluntary committee equivalent to the Compensation Committee	Compensation Committee	5	0	2	3	0	0	Outside Director

Supplementary explanation <Updated>

(1) Nominating Committee

The Company shall establish the Nominating Committee as a voluntary advisory body for the Board of Directors in order to enhance objectivity concerning the appointment and dismissal of Directors, Audit & Supervisory Board Members, the President & CEO and other Executive Officers. The Committee shall consist of nominating members selected from Directors; not less than half of the members shall be Outside Directors. The Committee shall be chaired by an Outside Director.

The Nominating Committee shall assume the roles of deliberating the requirements of Directors, the President & CEO and other Executive Officers, formulating a succession plan for the President & CEO, etc. and conducting a review to ensure that candidates are developed systematically in accordance with such plan and the roles of selecting candidates for Directors, Audit & Supervisory Board Members and the President & CEO, and recommending them to the Board of Directors.

The candidates for Directors shall be individuals having sufficient track records, experience and knowledge, etc. for carrying out the approval of material matters of the Company's management execution and for conducting monitoring of the Company's management execution, and shall be deliberated on and decided by also taking into consideration balance and diversity of expertise on the Board of Directors. In addition, with respect to candidates for Outside Directors, the candidates shall be individuals who also satisfy the "Standards for independence of outside officers"

With regards to the appointment of candidates for Audit & Supervisory Board Members, the Nominating Committee shall deliberate on and, with the consent of the Audit & Supervisory Board, nominate, and the Board of Directors shall decide, the candidates. The candidates shall be individuals having sufficient track records, experience and knowledge, etc. for conducting audits of the Company. In addition, with respect to candidates for Outside Audit & Supervisory Board Members, the candidates shall be individuals who also satisfy the "Standards for independence of outside officers". One or more Audit & Supervisory Board Member(s) shall be an individual or individuals having a considerable degree of financial and accounting knowledge.

During fiscal 2019, the Nominating Committee convened a total of twelve (12) times, and, along with selecting the candidates for Directors and Audit & Supervisory Board members as well as recommending them to the Board of Directors, deliberated on the requirements for Directors and Executive Officers and their allocation and development.

The Nominating Committee consists of five Directors, including three Outside Directors, as of today. The names of the Committee's members and the Participation in the Committee meetings (FY2019) are as follows.

<Nominating Committee>

■ Chairman of the Committee

Hiroyuki Yanagi (Outside Director)

【Participation in the Committee meetings (FY2019)】 9 times out of 10 (*1)

■ The Other Members of the Committee

Takuya Shimamura (Internal Director)

【Participation in the Committee meetings (FY2019)】 12 times out of 12

Kazuhiko Ishimura (Internal Director)

【Participation in the Committee meetings (FY2019)】 12 times out of 12

Yasuchika Hasegawa (Outside Director)

【Participation in the Committee meetings (FY2019)】 12 times out of 12

Keiko Honda (Outside Director)

【Participation in the Committee meetings (FY2019)】 - (*2)

(*1) Since Hiroyuki Yanagi only assumed the position of Director on March 28, 2019, the total number of Nominating Committee meetings that he was able to attend is different from that of other Directors.

(*2) Keiko Honda assumed the position of Director on March 27, 2020.

<Reference>

The Participation in the Nominating Committee meetings (FY2019) of Masako Egawa who retired from her position of Director on March 27, 2020 is 12 times out of 12.

(2) Compensation Committee

The Company shall establish the Compensation Committee as a voluntary advisory body for the Board of Directors in order to enhance objectivity concerning compensation for Directors and Executive Officers. The Committee shall consist of compensation members selected from Directors; not less than half of the members shall be Outside Directors. The Committee shall be chaired by an Outside Director.

The Compensation Committee shall assume the roles of deliberating the principles, strategies and systems of compensation for Directors and Executive Officers, make proposals to the Board of Directors, and examine the evaluations of performance and results of payment of compensation for each Executive Officer.

In fiscal 2019, the Committee met eight (8) times. Based on the Company's Policy for determining compensation and other emoluments for officers, the committee deliberated on decisions on the amount of performance-linked compensation for Executive Officers, goal-setting for the next fiscal year, and analysis and verification of the level of compensation for Directors, Audit & Supervisory Board members, and Executive Officers, and made proposals regarding such matters to the Board of Directors. The Board of Directors deliberated and resolved matters proposed by the Compensation Committee at a total of six meetings of the Board of Directors.

The Compensation Committee consists of five Directors, including three Outside Directors, as of today. The names of the Committee's members and the Participation in the Committee meetings (FY2019) are as follows.

< Compensation Committee >

■ Chairman of the Committee

Keiko Honda (Outside Director)

【Participation in the Committee meetings (FY2019)】 - (*1)

■ The Other Members of the Committee

Takuya Shimamura (Internal Director)

【Participation in the Committee meetings (FY2019)】 8 times out of 8

Kazuhiko Ishimura (Internal Director)

【Participation in the Committee meetings (FY2019)】 8 times out of 8

Yasuchika Hasegawa (Outside Director)

【Participation in the Committee meetings (FY2019)】 8 times out of 8

Hiroyuki Yanagi (Outside Director)

【Participation in the Committee meetings (FY2019)】 4 times out of 5 (*2)

(*1) Keiko Honda assumed the position of Director on March 27, 2020.

(*2) Since Hiroyuki Yanagi only assumed the position of Director on March 28, 2019, the total number of Compensation Committee meetings that he was able to attend is different from that of other Directors.

<Reference>

The Participation in the Compensation Committee meetings (FY2019) of Masako Egawa who retired from her position of Director on March 27, 2020 is 8 times out of 8.

Audit & Supervisory Board members

Existence or Nonexistence of an Audit & Supervisory Board	Exists
Number of Audit & Supervisory Board members provided for in the Articles of Incorporation	5
Number of Audit & Supervisory Board members	4

Cooperation between Audit & Supervisory Board members and Accounting Auditors and Internal Auditing

Audit & Supervisory Board members hold meetings with the Accounting Auditor and obtain information on the progress of accounting audits, their results, and other details as well as strive to enhance the effectiveness of auditing jointly with the Accounting Auditor based on its reports and through mutual exchange of opinions.

Audit & Supervisory Board members hold a regular meeting with the Internal Audit Division, etc. that has the internal audit function and obtain information on the progress of internal audits, their results, and other details as well as strive to enhance the effectiveness of auditing jointly with the Internal Audit Division, etc. based on its reports and through mutual exchange of opinions.

Outside Audit & Supervisory Board members	Elected
Number of Outside Audit & Supervisory Board members	3
Number of Independent Auditors	3

Relation with the Company (1)

Name	Occupation	Relation(s) with the Company* ¹												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yoshiyuki Morimoto	Former employee of another company													
Akio Sakumiya	Former employee of another company													
Yaeko Takeoka	Attorney													

*Categories for relations with the Company

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

- a. Person who performs duties at the listed company or its subsidiary
- b. Non-executive director or an accounting advisor of the listed company or its subsidiary
- c. Person who performs duties at or a non-executive director of the parent company of the listed company
- d. Audit & Supervisory Board member of the listed company
- e. Person who performs duties at the brother company of the listed company
- f. Person who has the listed company as the major business partner
- g. Person who performs duties at a company which has the listed company as the major business partner
- h. Consultant, accounting specialist or legal profession who earns a large amount of cash and/or other financial assets from the listed company, other than director's remuneration
- i. Major shareholder of the listed company (or a person who performs duties at the major shareholding company if the major shareholder is a corporation)
- j. Person who performs duties at a business partner of the listed company (Not applicable in the

- above f, g or h)
- k. Person who performs duties at a company whose executive officer is from the listed company and the listed company also has an executive officer from the company
 - l. Person who performs duties at a company which has been donated by the listed company
 - m. Others

Relation with the Company (2)

Name	Independent Auditor	Supplementary Information in Regard to Applicable Items	Reason(s) for Appointing the Relevant Outside Audit & Supervisory Board members
Yoshiyuki Morimoto	✓	-	<p>Yoshiyuki Morimoto, as Director and CTO of Bridgestone Corporation, has abundant experience in corporate management at the company, which is vigorously promoting global operations. With such experience, he is expected to fulfill the role of Audit & Supervisory Board Member for the Company. We have accordingly nominated him as an Outside Audit & Supervisory Board Member candidate.</p> <p>Mr. Morimoto has also been designated as an Independent Auditor as the Company confirmed at the Board of Auditors and a non-statutory Nominating Committee, with the majority of the participants being Outside Directors, that he satisfies both the relevant requirements set forth in the Companies Act and the Company's own selection criteria designed to ensure the independence of Outside Audit & Supervisory Board members.</p> <p>It was confirmed that he fulfills the criteria to be Independent Directors/Auditors set forth by the securities listing regulations and the enforcement rules for the securities listing regulations.</p>
Akio Sakumiya	✓	-	<p>Akio Sakumiya has abundant experience in corporate management as the Director of OMRON Corporation and also led efforts to improve corporate governance at OMRON Corporation as the Vice Chairman of various advisory committees. Thus, he is expected to fulfill the role of Audit & Supervisory Board Member for the Company. The Company appointed him as an Outside Audit & Supervisory Board member with the expectation that he would fulfill his role by leveraging his extensive experience.</p> <p>Mr. Sakumiya has also been designated as an Independent Auditor as the Company confirmed at the Board of Auditors and a non-statutory Nominating Committee, with the majority of the participants being Outside Directors, that he satisfies both the relevant requirements set forth in the Companies Act and the Company's own selection criteria designed to ensure the independence of Outside Audit & Supervisory Board members.</p> <p>It was confirmed that he fulfills the criteria to be Independent Directors/Auditors set forth by the securities listing regulations and the enforcement rules for the securities listing regulations.</p>

Yaeko Takeoka	✓	-	Yaeko Takeoka has abundant experience as an attorney at law and extensive knowledge of laws and compliance. With such experience and knowledge, she is expected to fulfill the role of Audit & Supervisory Board Member for the Company. We have accordingly nominated her as an Outside Audit & Supervisory Board Member candidate. While she has not been involved directly in corporate management except for as an Outside Officer, we have concluded that she is able to duly perform the duties of an Outside Audit & Supervisory Board Member for the reasons mentioned above. It was confirmed that she fulfills the criteria to be Independent Directors/Auditors set forth by the securities listing regulations and the enforcement rules for the securities listing regulations.
---------------	---	---	---

Independent Directors/Auditors

Number of Independent Directors/Auditors	6
--	---

Other Matters concerning Independent Directors/Auditors

<Standards for Independence of Outside Officers>

The Company has set the following standards to ensure the independence of Outside Officers.

- (1) An Outside Officer shall not be a business executing person (referring to a director except an outside director, an executive officer or an employee; the same hereinafter) of any company of a group of consolidated companies (a “consolidated corporate group”, which consists of a parent company and its subsidiaries, excluding the AGC Group) to which a company competing with the AGC Group in the AGC Group’s key business areas belongs. In addition, an Outside Officer shall not hold 10% or more of the voting rights of a company belonging to such consolidated corporate group, and shall not be a business executing person of a company which holds 10% or more of voting rights of a company belonging to such consolidated corporate group.
- (2) An Outside Officer shall not have received 10.0 million yen or more per year, except for officers’ remuneration*, from the AGC Group in the past three years.
* Officers’ remuneration refers to, with respect to outside directors, directors’ remuneration and, with respect to outside Audit & Supervisory Board members, auditors’ remuneration.
- (3) An Outside Officer shall not have been a business executing person of a company belonging to a consolidated corporate group, which has the AGC Group as a major business counterparty, in the past three years. A consolidated corporate group which has the AGC Group as a major business counterparty shall be one with sales to the AGC Group exceeding 2% of consolidated net sales of the said consolidated corporate group for its most recent fiscal year.
- (4) An Outside Officer shall not have been a business executing person of a company belonging to a consolidated corporate group which is a major business counterparty of the AGC Group, in the past three years. A consolidated corporate group which is a major business counterparty of the AGC Group shall be one with sales of the AGC Group to such consolidated corporate group exceeding 2% of the AGC Group’s consolidated net sales for the most recent fiscal year.
- (5) An Outside Officer shall not have been an employee of auditing firms that conduct audits on the AGC Group in the past three years.
- (6) An Outside Officer shall not be a major shareholder of the Company (who owns 10% or more of the voting rights in the Company) nor a business executing person of any of the major shareholders.
- (7) In addition to above, the absence of serious conflicts of interest between the Company and an Outside Officer, or any matter between the Company and an Outside Officer that may damage his or her independence.

* The above mentioned standards are the minor criteria that are deemed to have no influence on shareholders' decision on exercising their voting rights.

The Company designates all the qualified Outside Directors and Outside Audit & Supervisory Board members as Independent Directors/Auditors.

Incentives to Directors

Implementation of Measures to Grant Incentives to Directors	Introduction of Performance-linked Remuneration Plan and Others
---	---

Supplementary Information in Regard to Applicable Items

For details see “Disclosure of policies for determining the amount of remuneration or method of calculating remuneration for Directors and Auditors”.

The Grantees of stock options	No
-------------------------------	----

Supplementary Information in Regard to Applicable Items

Director Remuneration

Status of disclosure of individual remuneration for directors	Partially disclosed
---	---------------------

Supplementary Information in Regard to Applicable Items **<Updated>**

Compensation paid to 8 Directors of the Company (including 4 Outside Directors) for fiscal 2019 is as follows.

* “Compensation paid to 8 Directors of the Company” includes compensation for one Director (an Outside Director) who retired from their positions as of March 28, 2019.

1. Monthly compensation: ¥308 million (including ¥48 million for Outside Directors)
2. Performance-linked bonus: ¥111 million (paid to Directors concurrently serving as Executive Officer)
3. Stock compensation: ¥159 million (paid ¥4 million to Outside Directors)
4. The details of individual compensation of directors who received, in aggregate, consolidated compensation of ¥100 million or more are disclosed as follows:
Chairman Kazuhiko Ishimura(*1)
¥156 million (Monthly Compensation: ¥102 million, Stock compensation: ¥54 million)
President & CEO Takuya Shimamura
¥209 million (Monthly Compensation: ¥79 million, Performance-linked bonus: ¥68 million,
Stock compensation: ¥62 million)
(*1) Kazuhiko Ishimura retired from his positions of Chairman as of March 27, 2020.

The existence of policies determining the amount of remuneration or method of calculating remuneration for directors and auditors	Yes
---	-----

The disclosure policies determining the amount of remuneration or method of calculating remuneration for directors and auditors. **<Updated>**

The “Policy for determining compensation and other emoluments for officers” amended as of March 10, 2020 is as follows.

1. Details of Compensation Policy

i. Basic Philosophy on compensation system

In its Compensation Principles, the Company sets out its basic stances and philosophies on overall compensation for officers 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 values, 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.

ii. Composition of Compensation

a. Compensation for the Company’s officers consists of “Monthly compensation(*1)” as fixed compensation and variable compensation, such as “Bonuses” and “Stock compensation”. The Company’s officers are

eligible for the following compensation according to their positions.

[Directors who serve concurrently as Executive Officers and Executive Officers]

Monthly compensation + Bonuses + Stock compensation

[Directors who do not serve concurrently as Executive Officers (including Outside Directors)]

Monthly compensation + Stock compensation (*2)

[Audit & Supervisory Board members] Monthly compensation

(*1) In the event that persons eligible for Stock Compensation are non-residents of Japan, the Company may, instead of delivering shares, make a cash payment in an equivalent amount as a bonus payment to such persons.

(*2) Stock compensation consists of a performance-linked component and a fixed component. The performance-linked component does not cover Directors who do not serve concurrently as Executive Officers (including Outside Directors).

b. The proportion of each component shall be based on the standard payment amount, and is determined by reflecting details of “iii. Scheme of Variable Compensation” below, and shall approximately be as follows.

[Director and President] Fixed compensation: Variable compensation (*3) = 4:6

[Directors who serve concurrently as Executive Officers (excluding Director and President)]

Fixed compensation: Variable compensation (*3) = 5:5

[Directors who do not serve concurrently as Executive Officers (excluding Outside Directors)]

Fixed compensation: Variable compensation (*3) = 6:4

[Outside Directors] Fixed compensation: Variable compensation (*3) = 9:1

(*3) Variable compensation shall be the total of bonuses and amount of stock compensation for a single fiscal year.

iii. Scheme of Variable Compensation

Variable compensation takes into account a balance among each of the short, medium, and long-term periods, to allow the management functions to be carried out from a well-balanced perspective in each of such terms, in order to achieve sustainable growth and enhance the corporate value of the AGC Group.

a. Bonuses

- Bonuses are designed to be adjusted in accordance with the consolidated business results for a single fiscal year, in order to further enhance the motivation to achieve performance goals for a single fiscal year.
- The indicators of performance shall be Operating Profit and Cash Flow, considering the importance of improving profitability and generating cash flows.
- Bonuses shall, in principle, vary between 0% and 200% of the standard payment amount depending on the level of achievement of operating profit target and improvement of cash flow compared to the previous fiscal year, after taking into consideration significant changes in the AGC Group’s overall performance. The amount of bonuses shall be determined by a resolution of the Board of Directors after deliberation by the Compensation Committee.

<Reference>

[Business results for FY2019]

- The operating profit indicator failed to meet the target.
- The cash flow indicator improved compared to the previous fiscal year.
- Based on the abovementioned results of the two indicators, the amount of bonuses to be paid to Directors who serve concurrently as Executive Officers was set at 107% of the standard payment amount.

[Targets for FY2020]

- The target of operating profit indicator is 120 billion yen.

b. Stock compensation

- The Stock compensation plan (the “Plan”) is intended to enhance the motivation to contribute to medium- to long-term improvements in the corporate value of the AGC Group, and to promote a sharing of interests with shareholders, as well as to further enhance the motivation to achieve the performance goals in the mid-term management plan (the “mid-term plan”).

- Compensation under the Plan consists of a performance-linked component, whereby the Company's shares, etc. to be delivered will vary depending on the position and the level of achievement of targeted consolidated performance indicators for the mid-term plan, and a fixed component, whereby a fixed number of the Company's shares, etc. shall be delivered in accordance with the position.
 - The performance indicator shall be a Return on Operating Assets (*4), considering the importance of increasing asset efficiency as a material manufacturer to achieve its target for ROE, a key performance indicator of the mid-term plan, as well as EBITDA, considering the importance of improving efficiency, while ensuring sustainable corporate growth.
- (*4) Return on Operating Assets = Business Profit/Operating Assets
- Performance-linked component shall, in principle, vary between 0% and 200% of the standard amount depending on the level of achievement of those targeted performance indicators. The amount of the performance-linked component shall be determined by a resolution of the Board of Directors after deliberation by the Compensation Committee.
 - Officers shall continue to hold the Company's shares acquired through the Plan after the end of the mid-term plan period, until they retire from office.

<Reference>

[Targets for FY2020]

- The levels of Return on Operating Assets and EBITDA required for achieving the mid-term management target of ROE of 8% are set as the baseline of targets.
The details are as follows.

Return on Operating Assets : 9.0%

EBITDA : 326 billion yen

iv. Compensation level

The Compensation Committee (which is established voluntarily) verifies the level of compensation for the Company's officers by analyzing compensation data of major manufacturing companies obtained from data compiled by a third-party organization, and comparing the said data with the Company's compensation level.

v. Compensation determination method

The Compensation Committee, a voluntary advisory committee whose majority members are Outside Directors, and which is chaired by an Outside Director, deliberates on matters such as the compensation system and level for Directors and Executive Officers, based on "1. i. Basic Philosophy on Compensation System," makes proposals regarding them for a resolution by the Board of Directors. Compensation of Directors shall be resolved at the Board of Directors, within the maximum amount of compensation (total amount) approved at a general meeting of shareholders. The Compensation Committee also verifies the results of compensation payments, in order to increase the objectivity and transparency of the compensation determination process.

<Reference>

Maximum amount and composition of compensation and other emoluments for Directors is as follows.

- (1) Monthly compensation and bonuses of up to 500 million yen per year (including up to 65 million yen for Outside Directors) was approved at the 82nd Ordinary General Meeting of Shareholders held on March 29, 2007 and the 86th Ordinary General Meeting of Shareholders held on March 30, 2011. Please note that only Directors who serve concurrently as Executive Officers are eligible for the payment of bonuses.
- (2) Regarding stock compensation for Directors and Executive Officers (excluding non-residents of Japan), it was approved at the 93rd Ordinary General Meeting of Shareholders held on March 29, 2018 that, for each period covered by the mid-term management plan (three fiscal years), the Company will contribute money to the trust of up to a total of 1.5 billion yen (of which the total amount for acquiring the Company's shares to be delivered, etc. to Outside Directors will be 25 million yen) with the upper limit of shares (including the Company's shares subject to conversion into cash) to be delivered, etc. through the trust being 372,000 (of which the number of shares to be delivered, etc. to Outside Directors will be 6,000 shares).

vi. The Policy determination method

The Compensation Committee deliberates on the Policy and makes proposals regarding it for a resolution by the Board of Directors.

The Support System Provided for Outside Directors and Outside Audit & Supervisory Board members

Corporate Planning General Division, the secretariat of the Board of Directors, notifies Outside Directors that Board of Directors meetings will be held, delivers related materials to them, and when needed, explains agenda items of the meetings to them in advance.

The Secretariat of the Audit & Supervisory Board is tasked with assisting the duties of the Outside Audit & Supervisory Board members, including the convening of the Audit & Supervisory Board, participation in important meetings, and coordinating meetings with the Representative Director, the Outside Directors, the Internal Audit Division, and the Accounting Auditor.

The members of the Board of Directors and the Audit & Supervisory Board supervise the business management of the Company by actively making questions and proposals based on their specialized experiences.

Name	Title	Description of Tasks	From and Conditions of Services (Full-time, Part-time, Paid or Unpaid, etc.)	Date of Retirement from President, etc.	Term
-	-	-	-	-	-

Total number of Consultants, Advisor, etc. who have retired from Representative Director and President, etc.	0
--	---

Note: The Company do not possess a system to appointing retired Representative Director as consultant or advisor, etc.

2. Items Concerning Functions such as Execution of Duties, Audit and Supervision, Designation, and Remuneration Determination <Updated>

1. Oversight structure and implementation of measures

(1) The Board of Directors

The Company positions the Board of Directors as a “body that approves basic policies and oversees the management of the Group.” The number of Directors is seven (including three Outside Directors who satisfy the “Standards for independence of outside officers” of the Company) as of the day of submitting this document, and the term of office of Directors is one year. The Company’s Board of Directors include one female member. The Board of Directors shall be chaired by an Outside Director in principle.

The Company adopts the Executive Officer System, under which executive officers (with a one-year term of office) are clearly distinguished from directors as defined under the Companies Act, and are responsible for the execution of the AGC Group's management and business operations.

In fiscal 2019, 14 Board of Directors meetings were held. At these meetings, members oversaw the Group’s management execution, decided on candidates for Director, and nominated and decided on Executive Officers for the following year. Further, they approved other important matters, such as the acquisition and disposal of important assets, budgets.

The names of the Board of Directors and the Participation in the Board of Directors meetings (FY2019) are as follows.

< Board of Directors >

■ Chairman of the Board of Directors

Yasuchika Hasegawa (Outside Director)

【Participation in the Board of Directors meetings (FY2019)】 14 times out of 14

■ The Other Members of the Board of Directors

Takuya Shimamura (Internal Director)

【Participation in the Board of Directors meetings (FY2019)】 14 times out of 14

Shinji Miyaji (Internal Director)

【Participation in the Board of Directors meetings (FY2019)】 14 times out of 14

Yoshinori Hirai (Internal Director)

【Participation in the Board of Directors meetings (FY2019)】 14 times out of 14

Kazuhiko Ishimura (Internal Director)

【Participation in the Board of Directors meetings (FY2019)】 14 times out of 14

Hiroyuki Yanagi (Outside Director)

【Participation in the Board of Directors meetings (FY2019)】 10 times out of 11 (*1)

Keiko Honda (Outside Director)

【Participation in the Board of Directors meetings (FY2019)】 - (*2)

(*1) Since Hiroyuki Yanagi only assumed the position of Director on March 28, 2019, the total number of the Board of Directors meetings that he was able to attend is different from that of other Directors.

(*2) Keiko Honda assumed the position of Director on March 27, 2020.

<Reference>

The Participation in the Board of Directors meetings (FY2019) of Masako Egawa who retired from her position of Director on March 27, 2020 is 14 times out of 14.

(2) Nominating Committee and Compensation Committee

Aiming to further strengthen its corporate governance system, the Company has established the Nominating Committee and the Compensation Committee, as voluntary advisory committees of the Board of Directors, to improve objectivity in the evaluation, election and remuneration of Directors, Executive Officers, and other parties. Please refer to Section II 1 (Voluntary Committee's composition, & occupations of Committee members and the chairperson) of this corporate governance report.

(3) Status of Audit by Audit & Supervisory Board

① System of audit by Audit & Supervisory Board

• The Company has adopted the Audit & Supervisory Board system and the Audit & Supervisory Board consists of four Audit & Supervisory Board Members (four-year term of office), with three members, who constitute the majority of the members, as Outside Audit & Supervisory Board Members who satisfy the standards for independence of outside officers of the Company. The Company's Audit & Supervisory Board Members include one female member. The Secretariat of the Audit & Supervisory Board has been established as an organization tasked with assisting with the duties of Audit & Supervisory Board Members.

• Audit & Supervisory Board Member Tetsuo Tatsuno has considerable knowledge of finance and accounting through extensive experience in the accounting sector of the Company. Audit & Supervisory Board Members Yoshiyuki Morimoto and Akio Sakumiya have abundant experience in corporate management at the company. Audit & Supervisory Board Member Yaeko Takeoka has abundant experience as an attorney at law and extensive knowledge of laws and compliance.

② Activities of Audit & Supervisory Board Members and the Audit & Supervisory Board

• The Audit & Supervisory Board formulated an audit policy, audit plan, and other relevant matters, and received reports from each Audit & Supervisory Board Member on the implementation and results of audits, as well as reports from the Directors, the Accounting Auditor, and other relevant personnel on the status of the execution of their duties, and requested explanations from them when necessary. In fiscal year 2019, the Audit & Supervisory Board worked to conduct audits systematically and efficiently in accordance with the AGC Group's basic audit policy in order to properly oversee and verify whether matters related to the internal control system, such as the compliance system, risk management system, and system to ensure the reliability of the financial statements, as set out in the basic policy concerning the internal control system, have been adequately established and implemented within the AGC Group.

• The names of the Audit & Supervisory Board and the Participation in the Audit & Supervisory Board meetings (FY2019) are as follows.

< Audit & Supervisory Board >

■ Chairman of the Audit & Supervisory Board

Tetsuo Tatsuno (full-time)

【Participation in the Audit & Supervisory Board meetings (FY2019)】 14 times out of 14

■ The Other Members of the Audit & Supervisory Board

Yoshiyuki Morimoto (full-time) (Outside Audit & Supervisory Board Member)(*1)

【Participation in the Audit & Supervisory Board meetings (FY2019)】 11 times out of 11

Akio Sakumiya (Outside Audit & Supervisory Board Member)

【Participation in the Audit & Supervisory Board meetings (FY2019)】 14 times out of 14

Yaeko Takeoka (Outside Audit & Supervisory Board Member) (*1)

【Participation in the Audit & Supervisory Board meetings (FY2019)】 11 times out of 11

(*1) Since Yoshiyuki Morimoto and Yaeko Takeoka assumed the position of Audit & Supervisory Board Members on March 28, 2019, the total number of Audit & Supervisory Board meetings that they were able to attend is different from that of other Audit & Supervisory Board members.

•In accordance with the Audit & Supervisory Board Auditing Standards established by the Audit & Supervisory Board and in compliance with the audit policy and audit plan, etc., Audit & Supervisory Board Members communicated with the Directors, the Internal Audit Division, and other relevant employees, etc. to collect information and create an audit environment; attended important meetings, including those of the Board of Directors, the Management Committee, the Medium-Term Business Plan and Budget Council, and the Performance Monitoring Conference; inspected important documents; audited the head office's sections and other offices and plants; investigated subsidiaries; and made reports on the results to the Audit & Supervisory Board. Audit & Supervisory Board Members received reports periodically from the Directors, employees and other relevant personnel on the status of the establishment and implementation of the internal control system, and checked their content. In addition, they monitored and verified whether the Accounting Auditor maintained its independent position and conducted audits properly.

Full-time Audit & Supervisory Board Member Tetsuo Tatsuno and Outside Audit & Supervisory Board Member Yoshiyuki Morimoto proactively worked to develop an audit environment and gather information within the Company and shared information with other Audit & Supervisory Board Members upon monitoring and checking the status of the development and implementation of the internal control system on a daily basis.

(4) Status of internal audits

With regard to internal audits, the Internal Audit Division and some 40 internal audit staff members of the AGC Group located in Europe, the U.S. and China regions implement internal audits based on an annual audit plan and similar plans to reasonably assure that the internal control system is functioning effectively within the AGC Group, including overseas companies, and make suggestions to help the internal control system function more effectively and efficiently. The Internal Audit Division directly reports to the President and CEO, and assumes the role of investigating and evaluating the establishment and implementation of the internal control system with respect to the various management activities of the AGC Group through internal audits, and expresses opinions based on the results thereof from a fair and independent standpoint. The audit results are reported periodically to the Board of Directors.

(5) Status of accounting audit

• The Company has contracted with KPMG AZSA LLC to perform accounting audit duties. KPMG AZSA LLC has continuously been conducting audits for the Company for 14 years.

The names of the certified public accountants who performed accounting audit duties in fiscal year 2019 and their number of years of continuous auditing are as follows.

Atsuji Maeno : 3 years

Mitsutake Mamiya : 6 years

Takahiro Kajiwara : 1 year

• The assistants for the Company's accounting audit duties consist of 15 certified public accountants (CPA), four candidates for CPA who passed the CPA examination and others as well as 15 other staff members (persons in charge of system audit, etc.).

Audit & Supervisory Board Members, the Internal Audit Division, and the Accounting Auditor collaborate with each other where deemed appropriate through reporting and exchanging opinions and work to improve the effectiveness of and enhance audits.

• The Audit & Supervisory Board selects Accounting Auditors based on a comprehensive evaluation of items, including their independence, status of quality control, appropriateness of the system for executing duties, and status of the AGC Group audit of global business operations.

• The Audit & Supervisory Board, by unanimous agreement, will dismiss the Accounting Auditor if it is confirmed that the Accounting Auditor falls under any item of Article 340 Paragraph 1 of the Companies Act, and the Audit & Supervisory Board determines it is necessary to dismiss that accountant.

After giving full consideration to the Accounting Auditor's independence, performance of its duties and various

circumstances, the Audit & Supervisory Board will determine the contents of an agenda regarding the removal or non-reappointment of the Accounting Auditor to be submitted to a general meeting of shareholders (when necessary).

- The Audit & Supervisory Committee conducted an evaluation of the Accounting Auditor's maintenance of independence, formulation of proper audit plans and effective and efficient implementation thereof, communication with relevant departments, status of group audit, and responses to fraud risks, etc., and judged that the Accounting Auditor is performing its duties appropriately.

(6) Outline of the liability limitation contract

The Company has executed a contract with all of three Outside Directors and four Audit & Supervisory Board members to limit their liability arising under Article 423, Paragraph 1 of the Companies Act to the sum of the amounts prescribed in each Item of Article 425, Paragraph 1 of the Companies Act.

2. Management system

The AGC Group introduced the Executive Officer system and the In-House Company system; adopted a globally integrated management system; and transferred significant responsibility and authority for the execution of business operations to each In-House Company and SBU. In-House Companies are defined as business units with net sales of more than ¥200.00 billion and which conduct business globally, and currently there are four In-House Companies: the "Building & Industrial Glass Company", "Automotive Glass Company", "Electronics Company" and "Chemicals Company".

Business units of a smaller size than this are defined as SBU (Strategic Business Unit), and currently there are Multi-Material General Division and AGC Ceramics Co., Ltd.

Note that the "Building & Industrial Glass Company" and "Automotive Glass Company" share the same float sheet glass manufacturing facilities (glass melting furnace), which are our largest assets and situated the highest upstream in the supply chain. Thus, decisions on assigning management resources are closely tied to the results of each business and inseparable from their performance evaluation. Therefore, with the participation of presidents of both in-house companies, we have established a "Glass Segment Council," which primarily functions to maintain synergies and maximize overall production in the glass segment, and collaborates to maximize profits for the group.

3. Reason for the adoption of the current corporate governance system

The Company strives to strengthen its management oversight function by separating the functions of oversight and execution of management, and increase the objectivity and transparency of the management through the appointment of Outside Directors and the establishment of a non-statutory Nominating Committee and a Compensation Committee. In addition, the Company has adopted Audit & Supervisory Board System, which is considered effective to fully strengthen the Company's corporate governance system as the oversight of the Board of Directors by Audit & Supervisory Board members is fully functioning within the Company.

III. Implementation of Measures Related to Shareholders and Other Stakeholders

1. Measures to Revitalize the Shareholders' Meetings and Facilitate the Exercise of Voting Rights<Updated>

	Supplementary Information
Early Distribution of Notice Regarding the Ordinary General Meetings of Shareholders	The Company sent out the convocation notice of the 95th Ordinary General Meeting of Shareholders, which was held on March 27, 2020, 22 days prior (March 5, 2020) to the general meeting. Also prior to the delivery, the Company disclosed the information on the Company's website, etc. on February 28, 2020.
Setting of general meeting of shareholders not on days when general meetings of shareholders of other companies concentrate	The Company usually holds a general meeting of shareholders in March, when general meetings of shareholders of other companies do not concentrate.
Exercise of Voting Rights by Electromagnetic Means	The Company has introduced an electronic voting system that enables shareholders to exercise voting rights via the Internet (including Internet access via a cellular phone), and uses the platform for electronic exercise of voting rights for institutional investors that is operated by ICJ.
Utilization of electromagnetic voting platform and other methods of improving the environment for institutional investors' voting	We use ICJ Ltd.'s electronic voting platform.
Providing an English summary of the Notice Regarding the Ordinary General Meeting of Shareholders	We post on our website the convocation notice of the ordinary general meeting of shareholders in English.
Others	Aiming for the early disclosure of information, the Company puts up the convocation notice of general meetings of shareholders in both Japanese and English on its website and the site for putting up proposals, which is operated by the administrator of the register of shareholders, before the said notice is sent.

2. IR Activities <Updated>

	Supplementary Information	Existence or Nonexistence of explanation by a company representative
Establishing and announcing "Disclosure Policy"	The AGC Group established the AGC Group Charter of Corporate Behavior, which declares that the AGC Group will communicate responsibly with customers, local citizens, shareholders, and other members of society by disclosing information in a fair and appropriate manner. Based on this basic idea, the AGC Group will proactively carry out disclosure and interactive communication activities. The AGC Group's disclosure Policy is available on the Company's website. <Japanese; http://www.agc.com/ir/policy/policy/index.html > <English; http://www.agc.com/en/ir/policy/policy/index.html >	
Holding of Periodic Conferences for Individual Investors	The Company holds briefings for individual investors several times a year. In 2019, The Company held briefings for individual investors for seven (7) times.	Does not exist
Holding of Periodic Conferences for Analysts and	The Company holds briefings attended by CEO and CFO for analysts and institutional investors on the	Exists

Institutional Investors	day it announces business results for the second quarter and the full year. At these briefings, the CEO discusses the mid-term plan (or progress on the plan) and CFO discusses the business results. In addition, the Company holds telephone conferences for analysts and institutional investors by CFO on the day it announces business results for the first and third quarters.	
Holding of Periodic Conferences for Overseas Investors	The Company visits investors in the U.S., Europe or other countries, individually every year. In addition, The Company attends conferences for overseas investors held in Japan and overseas, and explains latest business results and medium-term business plan (or its progress).	Exists
Posting of IR Materials on Website	The following IR information is available on our website (in Japanese and English). (1) summary reports on business results; (2) securities reports(available only in Japanese); (3)AGC Integrated Report(company brochure); (4) financial reviews (former annual reports); (5) materials for corporate briefings and earnings briefings; (6) audio distribution of medium-term business plans and earnings briefings; (7) company overview and reference; (8) financial data collection (financial data for the last 10 years); (9) notice and its resolutions of ordinary general meeting of shareholders and fiscal year report; (10) AGC Reviews (investor newsletters); (11) stock and bond information; (12) stock price information; (13)IR calendar. <Japanese; http://www.agc.com/ir/ > <English; http://www.agc.com/en/ir/ >	
Establishment of a Post for IR	The Company has established a department in charge of IR in Corporate Communications & Investor Relations Division, to enhance IR activities in cooperation with each business division, the planning division, the financial division and other divisions within the Group.	
Others	The Company's CEO, CTO, CFO, the Executive Officer in charge of corporate finance or the person in charge of IR visits major domestic and overseas investors individually, and explains business results and other details but not by means of briefings. The Company also holds tours of plants and facilities on an irregular basis. In fiscal 2019, the Company held a tour of the Kashima Plant and a tour of the AGC Studio (showroom) including a discussion meeting with CFO.	

3. Measures Concerning Respecting the Position of Stakeholders <Updated>

	Supplementary explanation
Internal Rules, etc. Regarding Respecting the Position of Stakeholders	In its Group Vision " <i>Look Beyond</i> ", the Group defines <i>innovation & operational excellence, diversity, environment and integrity</i> as the four values that all members of the Group should share, and believes that the Group needs to be continuously trusted by all of its stakeholders in order to grow and develop. As a representation to fulfill corporate social responsibility, the Group has

	<p>established the “AGC Group Charter of Corporate Behavior”. The Group has also formulated a Code of Conduct (AGC Group Code of Conduct) which stipulates matters to be complied by all employees in order for the AGC Group to meet stakeholders’ expectations and gain their confidence.</p>
Implementation of Environmental Conservation Activities, CSR Activities, etc.	<p>The Company defines Environment as one of our Shared Values in the AGC Group Vision, “Look Beyond”, which states that “We, as good global citizens, will contribute to the creation of a sustainable society in harmony with nature” and is shared by all members of the Group and disclosed on the Company’s website. In the area of environmental conservation, the Group has formulated the AGC Group Basic Environmental Policy, based on which the Group promotes the environmental management of the entire Group, including the Company and its all domestic and overseas subsidiaries.</p> <p>With respect to activities related to CSR and/or Sustainability including environment and society, the CSR Committee deliberates on overall policies and issues in the Group. The committee, chaired by the CEO, is comprised of CTO, CFO and the head of each division.</p> <p>Details of such activities are posted on the Company’s website. (http://www.agc.com/en/csr/)</p> <p>The Company has been selected as the A List for water security in 2019 by CDP, an international non-profit organization working on environmental issues such as climate change. This is the first time that the Company has been selected as a CDP A-List company.</p>
Establishment of Policies, etc. Concerning Supplying Information for Stakeholders	<p>In the AGC Group Charter of Corporate Behavior, the Group stipulates that it should have better communication with various stakeholders such as customers, local citizens and shareholders, as well as disclose information in a fair and appropriate manner. Regarding the timely and appropriate disclosure of information as one of the most important responsibilities of a listed company, the Company complies with laws, ordinances and regulations on timely disclosure, has formulated the Code of Conduct (AGC Group Code of Conduct) and the Regulations on Prevention and Control of Insider Trading; and conducts necessary information management and educational activities.</p>
Other	<p><Measures for Women’s Career Development></p> <p>The AGC Group considers diversity to be a source of long-term competitiveness and is striving to create an organization in which diverse, motivated human resources can perform to their full potential by defining Diversity as one of our Shared Values in the AGC Group Vision, “Look Beyond.” In particular, developing the skills of female employees is a top priority. The Company started considering women’s career development in earnest in 2009, and has since been implementing measures aimed at further promoting female employees, such as expanding the hiring of female staff and creating a workplace where they flourish (*), and building a workplace environment in which women can demonstrate their abilities. AGC established the Secretariat for Women’s Career Development in 2017, and is focusing its efforts on supporting the career development of female employees from intangible aspects, such as holding three-way interviews involving the Secretariat, female employees, and their supervisors, and forming a cross-sectional network of female employees, in addition to enhancing support from tangible aspects, such as implementing necessary systems and frameworks.</p> <p>In acknowledgement of these activities, The Company was selected by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange as a FY2019 “Nadeshiko Brand” enterprise for making outstanding efforts to encourage the empowerment of women in the workplace.</p> <p>(*) As of the date of the submission of the report, the Company has two female officers out of a total of 11 officers (Directors and Audit & Supervisory Board Members) and one Executive Officer. Since 2011, the Company has set</p>

a target specifying that at least 20% of new graduates hired for career-track positions be female, and is proactively hiring female talent. In 2019, 23.9% of new graduate hires were female. In addition, the ratio of females in managerial positions has been increasing year by year, and the ratio of females in the Company's managerial positions is currently 5.7% (as of December 21, 2019).

<Measures for the maintenance and promotion of employees' health>

In its management policy, AGC plus, the AGC Group has defined the maintenance and promotion of employees' health as a top management priority.

The Company is proactively implementing various initiatives related to health and productivity management to increase employees' vitality, improve productivity, and revitalize the organization. Specifically, since 2018, the Company has implemented measures to prevent passive exposure to tobacco smoke and reduce the smoking rate under the "AGC Swan Project". In addition, the Company held "AGC Walk," a walking event for health promotion using a smartphone app.

In recognition of these activities, the Company was recognized by the METI and Nippon Kenko Kaigi as a White 500 enterprise under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program for its outstanding health and productivity management practices.

<Others>

In 2020, the Company was awarded a rating of (1), the highest possible rating in Quality Score, a governance comprehensive evaluation of composition of the Board of Directors, executive compensation, shareholder rights, auditing and risk management, given by Institutional Shareholder Services (ISS), a company that provides shareholder voting advice in the US.

IV. Basic Policy Concerning Internal Control System and Overview of their Implementation

1. Basic policy about the internal control system

Under the Group Vision “Look Beyond,” the AGC Group positions the four shared values, “Innovation & Operational Excellence”, “Diversity”, “Environment” and “Integrity”, as the basis for every action that all members of the AGC Group take.

In addition to the above, the AGC Group declares its corporate social responsibility in the form of “AGC Group Charter of Corporate Behavior”, which is intended to lead the group members properly toward realization of the Group Vision “Look Beyond.”

To ensure fair and legal business transactions, we have set the following systems.

(1) System to ensure compliance with laws, regulations and the Articles of Incorporation in the execution of duties by Directors and employees of the AGC Group (Compliance Program)

The AGC Group defines *integrity* as one of the most important shared values in its Group Vision “*Look Beyond*” and establishes and strengthens its compliance program based thereon.

Specifically, the Company has established the position of CCO (Chief Compliance Officer) as the administrator to be responsible for and promote the AGC Group’s compliance system, and an Executive Officer with authority delegated from the Company’s President and CEO serves as COO. Furthermore, a Global Compliance Leader and Compliance Committee have been established under the CCO as a specialized body responsible for legal and corporate ethical compliance, which plans, formulates, and executes the AGC Group’s compliance measures. It has also established a group-wide compliance system by defining global common compliance rules and country/region specific rules in the Code of Conduct (AGC Group Code of Conduct), and implements necessary education and training, aiming to ensure business activities based on laws, regulations and corporate ethics.

In order to handle reporting and consultation on compliance, the AGC Group has set up helpline contact points. The Company also obliges all the corporate officers and employees of the Company and executives of subsidiaries to submit a written pledge to comply with the Code of Conduct.

The status of compliance and the operations of compliance reporting and consultation systems at the AGC Group are reported to the Board of Directors of the Company (hereinafter referred to as the Board of Directors) on a regular basis.

The Company has also established a group-wide legal administration system to collect information on important legal issues, and reports it to the Board of Directors on a regular basis.

With regard to internal audit within the AGC Group, the Internal Audit Division and internal audit staff in each region implements internal audits based on an annual audit plan and similar plans concerning the establishment of managerial and operational systems, and the legitimacy, rationality, and other aspects of business execution. The audit results are reported to the President & CEO as required, and to the Board of Directors regularly.

To ensure the reliability of the AGC Group’s financial reporting in compliance with the Financial Instruments and Exchange Law, the AGC Group has established an internal control system over financial reporting by stipulating the “AGC Group Internal Control over Financial Reporting Implementation Regulations”.

(2) Information retention and management system with respect to Directors’ execution of duties of the AGC Group

The AGC Group retains and manages important documents and information pursuant to the applicable laws, regulations and relevant internal rules.

In order to maintain confidentiality of important documents and information, the Company informs every member about the basic policies for information security, and follows the designated procedures.

(3) Rules and other systems to control risk of damage incurred by the AGC Group (risk management system)

The AGC Group has established “AGC Group Enterprise Risk Management Basic Policies,” which define the AGC Group’s basic policies concerning risk management and built risk management and crisis response systems across the Group.

With regard to risk management, important risk factors for the AGC Group are specified based on the internal rules and the state of risk management is deliberated periodically at the Management Committee of the Company (hereinafter referred to as the Management Committee) and the Board of Directors. As for individual risks associated with business operations of the AGC Group, each Corporate Division, In-House Company and SBU analyzes the risks of individual operations and projects, and discusses necessary countermeasures. If necessary and appropriate, the Management Committee and the Board of Directors deliberate the matters as well.

Each responsible division of the Company provides and announces respective guidelines for risks such as those associated with compliance, the environment, disasters, and product quality of the AGC Group, and conducts

training sessions, monitoring, and other activities whenever necessary.

With regard to crisis response, in preparation for unforeseen events that could seriously affect both operating results and financial conditions of the AGC Group, in accordance with the relevant internal rules, a crisis management report line has been established so that critical information can be reported speedily and surely to the President & CEO, and further distributed and shared among the officers and the employees concerned. The Company has established a system where emergency task forces can be set up immediately based on the President & CEO's judgment, and initial measures can be taken without delay and appropriately.

(4) System to ensure efficient execution of duties by Directors of the AGC Group (system for efficient execution of duties)

As a fundamental policy on the corporate governance structure, the Company clearly separates the functions of oversight and execution of management, aiming to reinforce the management oversight function while ensuring quick decision making in management execution.

In regard to management oversight, the Company holds meetings of the Board of Directors including Outside Directors, deciding on important business matters of the AGC Group and overseeing business execution of the AGC Group. In addition, the Company has established the Nominating Committee and the Compensation Committee (both non-statutory) in order to warrant the objectivity of evaluation and selection of and compensation package for Directors and Executive Officers.

Authorities and duties with respect to management execution are delegated to each In-House Company and SBU in accordance with a certain standard under the In-House Company System and the Executive Officer System in the Company. Business operations are implemented and evaluated in accordance with specific consolidated key performance indicators established in line with the AGC Group's management policy and its performance targets.

At the AGC Group, duties are executed in accordance with the internal decision making rules based on division of duties and standards for approval. These operations are monitored and verified by internal audits periodically.

(5) System to report matters concerning the execution of duties by executives of subsidiaries to the Company (Reporting system from subsidiaries to the Company)

Subsidiaries report certain matters concerning business operations, etc. to the Company. Of such matters, important issues are reported to the Management Committee and/or the Board of Directors.

Under the compliance system and legal administration systems of the AGC Group, subsidiaries shall quickly report any important compliance issue, important legal issues or similar problem to the Company. These matters are reported to the Board of Directors periodically.

The Internal Audit Division timely reports the results of internal audits conducted over subsidiaries to the President & CEO and periodically to the Board of Directors.

(6) Matters regarding the audit system by Audit & Supervisory Board members

i. Staff assisting duties of Audit & Supervisory Board members (if Audit & Supervisory Board members ask to appoint such staff)

The Company has established the Secretariat of the Audit & Supervisory Board which supports Audit & Supervisory Board members' duties.

ii. Independence of said staff from Directors

Transfer, performance evaluation, and other handling of staff to the Secretariat of the Audit & Supervisory Board are subject to the consent of the Audit & Supervisory Board.

iii. Ensuring of effectiveness of Audit & Supervisory Board members' directions to the said staff

Staff to the Audit & Supervisory Board members does not concurrently serve as employees of other departments. Such staff exclusively performs duties related to the Audit & Supervisory Board and follow directions of the Audit & Supervisory Board members.

iv. Systems of reporting to Audit & Supervisory Board members by Directors and employees of the Company, Directors and employees of subsidiaries, or those who received report from them

Directors and employees of the Company are required to report to Audit & Supervisory Board members on: any event that may violate relevant laws, regulations and the Articles of Incorporation; any event that may cause the Company significant damage; and other matters for reporting stipulated by in-house regulations.

Subsidiaries are required to report to the Company any event that may violate the laws and regulations or articles of incorporation of the Company, or do substantial damage to the Company. Divisions to which these

matters are reported quickly report them to this Audit & Supervisory Board members of the Company.

v. System to ensure that those who made reports described in the preceding item shall not receive disadvantageous treatments on the ground that they made the said report

The AGC Group prohibits disadvantageous treatments and retaliatory action against those who made reports concerning the violation of Code of Conduct, etc. under the AGC Group Code of Conduct, and fully notifies employees of the AGC Group about the regulation.

vi. Matters related to policy on procedures for reimbursement of expenses that occurred from performance of duties of the Audit & Supervisory Board members

The Company quickly handles expenses paid by the Audit & Supervisory Board members, excluding cases where the said expenses are judged to be unnecessary for performance of duties of the Audit & Supervisory Board members.

vii. Other systems to ensure effective audits by Audit & Supervisory Board members

Audit & Supervisory Board members attend important meetings, including those of the Management Committee, the Medium-Term Business Plan and Budget Council, and the Performance Monitoring Conference. In addition, Representative Directors and Audit & Supervisory Board members, and Outside Directors and Audit & Supervisory Board members, hold periodical meetings.

Meetings among Audit & Supervisory Board members, the Internal Audit Division with the internal audit function, and other parties are held regularly so that Audit & Supervisory Board members can obtain information on the progress and results of internal audits. The Company has also established a system under which Audit & Supervisory Board members can enhance the effectiveness of its audit in collaboration with the Internal Audit Division and the Accounting Auditor, based on reports and exchange of opinions.

2. Basic policies and systems of the Company to eliminate antisocial forces

The Company has declared the Group's social responsibility in the AGC Group Charter of Corporate Behavior and formulated the Code of Conduct (AGC Group Code of Conduct) that requires individual employees to conduct business activities in accordance with relevant laws, regulations and corporate ethics. In both the Charter and the Code, the Company clarifies its policies for confronting with antisocial forces resolutely and refusing any relations with such forces.

The Company is striving to exclude antisocial forces through the following measures. Audit & Supervisory Board members receive reports periodically from relevant divisions of the Company on donations, entertainment expenses, membership fees of enrolled organizations, and related matters, and check their contents. The Internal Audit Division has established a system where the Division checks whether each division of the Company and Group companies has paid inappropriate donations, entertainment expenses, membership fees of enrolled organizations, or related monies in internal audits conducted under the annual audit plan.

Furthermore, General Affairs Division collects information on antisocial forces from related administrative agencies and other companies, and if necessary conducts training within the Group about sending out of information on such forces and countermeasures to take.

V. Other

1. Matters Regarding Takeover Defense

Not introduced.

2. Other Items Concerning Corporate Governance System, etc. <Updated>

(1) System for controlling, collecting and understanding corporate information

- The Company established the Information Management Council, chaired by CFO and composed of CTO, the GM of Corporate Planning General Division, the GM of Corporate Communications & Investor Relations Division (hereinafter, “the GM of Corporate Communications & Investor Relations”), the GM of Finance & Control Division, and the GM of Legal Division to disclose important corporate information in a timely manner, and to give guidance on and supervise the observance of relevant laws and regulations and related in-house rules concerning the prevention of insider trading.

- Under the Information Management Council, the Company established the Timely Information Disclosure Committee, chaired by GM of Corporate Communications & Investor Relations and consisting of Corporate Planning, Finance & Control, Legal, and Corporate Communications & Investor Relations to discuss the need for timely disclosure.

- A person in charge of timely disclosure is appointed within each department to collectively manage important information.

- Corporate Communications & Investor Relations is the department in charge of timely disclosure. Important corporate information that is assumed to fall under information subject to timely disclosure is collected in Corporate Communications & Investor Relations, having been sent by the persons in charge of timely disclosure in the relevant departments. Such important corporate information includes matters that do not require resolutions passed at a Management Meeting or by the Board of Directors, and can be decided within each department pursuant to in-house rules.

- Corporate Communications & Investor Relations confirms the details in advance with the persons in charge of timely disclosure in the relevant departments.

- The Company has established the position of CCO (Chief Compliance Officer) as the administrator to be responsible for and promote the AGC Group’s compliance system. In addition, under the COO whose authority has been delegated from the President and CEO (hereinafter, “CEO”), a Global Compliance Leader and Compliance Committee have been established as a specialized body responsible for legal and corporate ethical compliance, creating an organization that enables the CEO to understand in a timely manner, through the CCO, information on business execution that contravenes laws, regulations, etc. Besides, the Company set up reporting/consultation contact points within an outside law firm and other bodies, in addition to the in-house reporting contact points.

(2) Judgment and decision on need for timely disclosure

- The GM of Corporate Communications & Investor Relations convenes meetings of the Timely Information Disclosure Committee on a regular basis, where the need for disclosure is discussed in conformity with Timely Disclosure Regulations, etc.

- The GM of Corporate Communications & Investor Relations asks the CEO for instructions concerning the results of discussions on the need for disclosure held at the Timely Information Disclosure Committee, and the CEO makes a judgment and the final decision on the need for disclosure. However, matters that are not material are decided by the GM of Corporate Communications & Investor Relations, who is the chairperson of the committee. The GM of Corporate Communications & Investor Relations reports the decisions to the chairperson and each member of the Information Management Council.

(3) Implementation of timely information disclosure

- If disclosure is judged to be necessary, the GM of Corporate Communications & Investor Relations discloses the relevant information (on the Timely Disclosure Network (TDnet) and the Company’s website, etc.) promptly after a decision is made in the case of decided facts and financial information, and promptly after the occurrence of an event in the case of occurred facts.

