

AGC Group Corporate Governance Basic Policy

Chapter 1 General Provisions

(Status of Policy)

Article 1

This “AGC Group Corporate Governance Basic Policy” (hereinafter referred to as “the Basic Policy”) sets forth the basic concepts and policies concerning corporate governance of AGC Inc. (“the Company”).

(Purpose)

Article 2

The purpose of the Basic Policy is to reinforce and improve the Company’s corporate governance, so that the AGC Group (the Company and its subsidiaries) may achieve both sustainable growth and mid- to long- term enhancement of corporate value under the Group Vision (Appendix 1) expressed as “Our Mission”, “Our Shared Value” and “Our Sprit.”

AGC Group Vision, **“Look Beyond”**

Our Mission

“AGC, an everyday essential part of our world”

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

Our Shared Values

- Innovation and Operational Excellence
- Diversity
- Environment
- Integrity

Our Sprit

Never take the easy way out, but confront difficulties

Chapter 2 Relationship with Shareholders

(Respecting Shareholder Rights and Voting Rights)

Article 3

1. The Company shall take appropriate measures in order to substantively ensure shareholder's rights, including voting rights at the General Meeting of Shareholders, and endeavor to improve the environments in which shareholders can appropriately exercise their rights.
2. The Company shall treat shareholders equally in accordance with content and the number of shares they hold.

(Strategic-shareholdings)

Article 4

1. 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.
2. 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.
3. 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.

(Prevention of Transactions Contrary to Shareholder Interest)

Article 5

1. The Company shall endeavor to prevent Directors, Executive Officers, etc. from abusing their positions in terms of engaging in transactions which are contrary to the interests of the Company or common interests of the shareholders in order to protect the interests of shareholders.
2. Directors shall not conduct transactions involving conflicts of interest or competing transactions without the approval of the Board of Directors as required under the Companies Act and the Company's rules.

Chapter 3 Corporate Governance Structure

(Basic Concepts)

Article 6

1. The Company, as a company with an Audit & Supervisory Board, shall clearly separate the functions of management oversight and management execution; moreover, the management oversight function shall be assumed by the Board of Directors, and the auditing function shall be assumed by Audit & Supervisory Board Members. The management execution function shall be assumed by the President & CEO and other Executive Officers.
2. The Board of Directors shall decide important management matters from the viewpoint of sustainable growth and mid- to long- term enhancement of the corporate value of the AGC Group, and ensure the appropriateness of decision making, as “the body which approves the basic policies of the AGC Group and oversees management execution”.
3. The Company shall establish the Nominating Committee and the Compensation Committee as the voluntary advisory bodies for the Board of Directors to enhance the objectivity of the nominations and compensation of Directors, Audit & Supervisory Board Members and the President & CEO and other Executive Officers.
4. The Board of Directors shall increase the mobility of management execution through the significant delegation of authority to the President & CEO and other Executive Officers. In addition, a Management Committee shall be established as an advisory body for the President & CEO to deliberate regarding decision making of management execution and monitoring of business execution within the AGC Group.

(Structure of Board of Directors)

Article 7

1. The Board of Directors shall consist of diversified Directors of different backgrounds regarding track records, experience and knowledge, etc., and maintain an appropriate number of members so as to effectively and efficiently exert its functions.
2. The Board of Directors shall have two or more independent Outside Directors.

(Roles of Board of Directors)

Article 8

1. The Board of Directors shall assume the following roles as “the body which approves the basic policies of the AGC Group and oversees management execution”.
 - 1) Approve basic management policies of the AGC Group
 - 2) Oversee management execution of the AGC Group
 - 3) Approve important matters of the AGC Group
2. The Board of Directors shall delegate decision making for business execution of matters other than those mentioned in the preceding paragraph to the President & CEO and other Executive Officers in order to increase the mobility of management execution.

(Operation of Board of Directors)

Article 9

1. Considering the management oversight function assumed by the Board of Directors, the Board of Directors shall be chaired, in principle, by an Outside Director.
2. The Company shall endeavor to distribute materials or provide an explanation beforehand to participants of the meeting of the Board of Directors with the aim of facilitating vigorous discussion and effectively and efficiently operating such meeting.
3. The Company shall predetermine the holding schedules and deliberation matters of the meeting of the Board of Directors to ensure sufficient deliberation time.

(Directors)

Article 10

1. Directors shall recognize their fiduciary duty to shareholders, exert their expected ability to respond to the confidence placed in them by shareholders, and execute the duties of Directors.
2. Directors shall collect sufficient information needed to execute their duties, actively provide their opinions, hold discussions and exercise their voting rights at the meeting of the Board of Directors.
3. Directors shall endeavor to learn and improve the knowledge required to appropriately fulfill their roles and responsibilities.
4. The term of office of Directors shall be one year and Directors shall be appointed each year at the General Meeting of Shareholders.

(Outside Directors)

Article 11

1. Outside Directors shall be individuals who satisfy not only the requirements of Outside Directors provided by the Companies Act, but also the Company's "Standards for independence of outside officers (Appendix 2)" in order to ensure their independence.
2. Outside Directors shall assume management oversight functions and advisory functions from an independent and objective position.
3. Outside Directors shall hold meetings consisting of Outside Directors and exchange information of and share their recognition of matters, concerning corporate governance of the Company, and other matters based on their independent and objective positions.

(Audit & Supervisory Board Members)

Article 12

1. Audit & Supervisory Board Members shall audit the execution of duties of Directors as independent bodies to which a mandate has been given by shareholders.
2. Audit & Supervisory Board Members shall participate in the Company's important meetings such as the meeting of the Board of Directors and receive reports on the execution status of

duties, as well as endeavor to share information, etc. with the internal audit division and the Accounting Auditor.

3. Audit & Supervisory Board Members shall hold meetings with Outside Directors to share information.

(Executive Officers)

Article 13

1. The President & CEO and other Executive Officers shall assume a management execution function.
2. The term of office of Executive Officers shall be one year and Executive Officers shall be appointed each year at the meeting of the Board of Directors.

(Nominating Committee)

Article 14

1. 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.
2. 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.
3. The Nominating Committee shall assume the roles of selecting candidates for Directors, Audit & Supervisory Board Members and the President & CEO, and recommending them to the Board of Directors.
4. The Nominating Committee shall consist of nominating members selected from Directors; not less than half of the members shall be Outside Directors. The Nominating Committee shall be chaired by an Outside Director.

(Policy and Procedures for Deciding Candidates for Directors and Audit & Supervisory Board Members and Appointing and Dismissing Executive Officers)

Article 15

1. With regards to the appointment (new appointment, reappointment and non-reappointment; the same applies hereinafter) of candidates for Directors, the Nominating Committee shall deliberate on and nominate, and the Board of Directors shall decide, the candidates. The candidates 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 (Appendix 2)".

2. 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 (Appendix 2)". One or more Audit & Supervisory Board Member(s) shall be an individual or individuals having a considerable degree of financial and accounting knowledge.
3. With regards to the appointment of the President & CEO, the Nominating Committee shall deliberate on and nominate the candidate, and the Board of Directors shall decide the President & CEO. The President & CEO shall be an individual having sufficient track records, experience and knowledge, etc. for conducting the Company's management execution.
4. With regards to the appointment of Executive Officers other than the President & CEO, the President & CEO shall select candidates and report them to the Nominating Committee, and the President & CEO shall nominate them, and the Board of Directors shall decide the Executive Officers. Executive Officers shall be individuals having sufficient track records, experience and knowledge, etc. for conducting the Company's management execution.
5. The Nominating Committee shall deliberate on the status of the performance of the President & CEO and other Executive Officers, and if it determines it necessary to dismiss any of them before the expiration of their terms of office, the Nominating Committee shall make a proposal to the Board of Directors and the Board of Directors shall make a decision on the dismissal.

(Compensation Committee)

Article 16

1. 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.
2. 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.
3. The Compensation Committee shall consist of compensation members selected from Directors; not less than half of the members shall be Outside Directors. The Compensation Committee shall be chaired by an Outside Director.

(Compensation for Officers)

Article 17

1. Compensation of Directors and Executive Officers shall be deliberated at the Compensation Committee and decided at the meeting of the Board of Directors in accordance with the

“Policy for determining compensation and other emoluments for officers (Appendix 3)”.

2. Compensation of Audit & Supervisory Board Members shall be decided upon discussions among Audit & Supervisory Board Members.

(Evaluation of Effectiveness of Board of Directors)

Article 18

The Board of Directors shall, each year, analyze and evaluate the effectiveness of the Board of Directors as a whole with reference to the self-evaluation of each Director and disclose an outline of the results thereof.

(Information Provision to Directors and Audit & Supervisory Board Members)

Article 19

1. When new Directors or Audit & Supervisory Board Members take office, they shall be given an opportunity to learn necessary knowledge regarding business, financial and organizational matters, etc. of the AGC Group, so that they can appropriately fulfill the roles and responsibilities required of them.
2. In addition to the preceding paragraph, outside officers shall be provided with information on business and management environment, etc. of the AGC Group on an ongoing basis through means such as periodic reporting at the meeting of the Board of Directors regarding each business status and periodic meeting of the Board of Directors held at the production base of the AGC Group.

(Internal Control System)

Article 20

1. The Company shall establish and operate an internal control system to further reinforce the corporate governance of the AGC Group.
2. The Company shall confirm the operation status of the internal control system periodically at the meeting of the Board of Directors and disclose the outline of the operation status thereof so that the internal control system can effectively function.

Chapter 4 Information Disclosure and Communication

(Information Disclosure and Ensuring Transparency)

Article 21

The Company shall promote communication with various stakeholders and appropriately and fairly disclose corporate information to continue to be a company trusted by society.

(Dialogue with Shareholders)

Article 22

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.

Chapter 5 Establishment, Revision and Abolishment

(Establishment, Revision and Abolishment)

Article 23

The establishment, revision and abolishment of this Basic Policy shall be subject to resolution of the Board of Directors.

End

Enacted on December 9, 2015
Amended on September 12, 2017
Amended on July 1, 2018
Amended on December 11, 2018

“Look Beyond”

Our Mission

“AGC, an everyday essential part of our world”

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

We, the AGC Group, aim to continue being the “first choice” solution provider for our customers by building long-term trusted relationships with them through unique materials and solutions developed using our wide-ranging material and production technologies.

We will continue offering products and solutions that customers and society need, thereby making people’s lives better around the world every day.

Our Shared Values

○ Innovation and Operational Excellence

•We will seek innovations in technology, product and services beyond conventional concepts and frameworks.

•We will create value directed at our current and potential customer needs, accounting for changes in the business environment and, social and market evolution.

•We will continuously improve all aspects of our operations striving to achieve benchmark performance.

○ Diversity

•We will respect individual diversity of varied capabilities and personalities.

•We will respect cultural diversity of race, ethnicity, religion, language and nationality.

•We will respect different perspectives and opinions at all times.

○ Environment

•We will contribute to creation of a sustainable society in harmony with nature as a successful and responsible global citizen.

•We will strive to ensure and further improve occupational health and safety in our working environment.

○ Integrity

•We will build open and fair relationships with all of our stakeholders based on the highest ethical standards.

•We will comply with all applicable laws and regulations.

•We will fulfill our contractual and legal responsibilities to achieve customer satisfaction and trust.

Our Sprit

Never take the easy way out, but confront difficulties

End

Appendix 2 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.

End

Appendix 3 Policy for Determining Compensation and Other Emoluments for Officers

① The Content 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.

Classification	Fixed compensation	Variable compensation		
	Monthly compensation	Bonuses	Stock compensation(*2)	
			Performance-linked component	Fixed component
Directors who serve concurrently as Executive Officers and Executive Officers	●	●	●	●
Directors who do not serve concurrently as Executive Officers (including Outside Directors)	●	—	—	●
Audit & Supervisory Board members	●	—	—	—

(*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 of Directors 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.

Classification(*3)	Fixed compensation	Variable compensation (*4)	
	Monthly compensation	Bonuses	Stock compensation
Director President and CEO	40	30	30
Directors who serve as Executive Officers (excluding President and CEO)	50	25	25
Directors who do not serve as Executive Officers(Director & Chairman)	60	0	40
Outside Directors	90	0	10

(*3) If none of the above applies, the Compensation Committee deliberate and the Board of Directors resolve.

(*4) 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

- An amount according to each officer's position is adjusted in accordance with the consolidated performance indicators 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 Return (Operating Profit) on Capital Employed (*5) and Cash Flow, considering the importance of improving business profitability and asset efficiency, as well as generating cash flows.

(*5) Return (Operating Profit) on Capital Employed = Operating Profit/Operating Assets

- The amount shall vary depending on the level of achievement of the target for Return (Operating Profit) on Capital Employed and improvement of Cash Flow compared to the previous fiscal year. In principle, the amount shall vary between 0% and 200% of the standard payment amount, after the status of reinforcement of non-financial capital, progress on portfolio conversion, etc. are also taken into account, together with individual performance. The amount shall be determined by a resolution of the Board of Directors after deliberation by the Compensation Committee.
- Bonuses cover the period from the beginning of the fiscal year to the final day of the fiscal year, and are paid immediately after the end of the first annual general shareholders' meeting after the target period ends.

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 medium-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 (Business Profit) on Capital Employed(*6), 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.

(*6) Return (Business Profit) on Capital Employed = Business Profit/Operating Assets

- The performance-linked component is calculated as a weighted average with prescribed ratios (*7) of the level of achievement of the targets for these indicators in each fiscal year during the mid-term plan period. In principle, the amount shall vary between 0% and 200% of the standard payment amount, and 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.

(*7) 25% for the first year, 25% for the next year, and 50% for the final year

iv. Compensation level

The Compensation Committee 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.

② 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.

③ **The Policy Determination Method**

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

END