

# Corporate Governance Report

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AGC Inc.

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Securities Code: 5201  
<https://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.

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

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

This report is prepared based on the Corporate Governance Code revised in June 2021.

<Supplementary Principle 2.4.1 Goals and Implementation Status for Ensuring Diversity of Human Resources>

The AGC Group is pushing forward with global integrated management, and since human resources are

developed and promoted to managerial positions, posting the right person in the right place, no voluntary and measurable goals are set such as promoting foreign nationals and mid-career employees to managerial positions.

Other disclosed matters based on Supplementary Principle 2.4.1 are as described below in the 【Disclosure Based on the Principles of the Corporate Governance Code】 .

### 【Disclosure Based on the Principles of the Corporate Governance Code】

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.

<https://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 2022, 21 issues worth ¥47.0 billion were sold (including the sale of two issues worth ¥10.8 billion deemed holdings of equity securities) (including the sale of a partial number of shares held). As a result, the balance sheet value of Cross-Shareholdings is ¥102.4 billion (81 issues) as of the end of 2022 (including three issues worth ¥46.1 billion deemed holdings of equity securities).

#### <Principle 1.7 Related Party Transactions>

Please refer to Article 6 (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.

#### <Supplementary Principle 2.4.1 Goals and Implementation Status for Ensuring Diversity of Human Resources>

##### (1) Ensuring Diversity

The AGC Group regards diversity to be a source of long-term competitiveness. Raising "Diversity" as one of "Our Shared Values" in the AGC Group Vision "Look Beyond," it is striving to create an organization in which diverse, motivated human resources can play an active role. As an item of the "7 Key Principles for People" which sets forth the ideal picture of human resource management, "Diversity for Organizational Competitiveness" is also given, and under the AGC Group Charter of Corporate Behavior, "Respect for People" is raised, all with an aim to create a comfortable workplace that respects diversity and is free from discrimination.

[Promotion of female employees to managerial positions]

AGC is targeting a 30% ratio of female executives (Directors and Audit & Supervisory Board Members) and a 20% ratio of female executive officers by 2030 as one element of diversity. With the aim of having talented human resources play an active role and provide value to society.

Percentage of female in managerial position (Leader and above) at AGC is 4.8%. The Company also appoints one female Outside Director, one female Audit & Supervisory Board Member, and two female Executive Officers promoted internally. In the future, initiatives focusing on (1) active recruitment of women, (2) active promotion to higher positions through deployment and development, and (3) creation of an environment where female employees can play an active role (introduction of necessary systems and framework) will be taken, aiming the percentage of female in managerial positions (Leader and above) to be approximately 8.0% by 2030.

[Promotion of foreign employees to managerial positions]

To fully utilize ability of human resources with various nationalities and cultural backgrounds working in the AGC Group, globally integrated management is promoted by appointing them to key positions within the Group. Against the backdrop of Japan's declining birthrate, aging population and shrinking workforce, the Company is actively hiring foreign nationals to secure talented human resources on a global-basis and diversity for value creation. Since 2010, when hiring new graduates for career-track positions, besides international students coming from abroad to Japan, foreign nationals who have graduated overseas universities are also directly hired. Recently, mid-careers are also actively hired. The number of registered foreign nationals in the Company is approximately 100, of which 34 are at managerial positions (Manager and above). The Company plans to continue actively hiring foreign nationals and promoting them to higher positions. Since approximately 80% of the AGC Group members are foreign employees, and regardless of nationality, human resources are developed and promoted to managerial positions, posting the right person in the right place, no goals are set such as having a certain percentage of foreign employees in managerial positions.

[Promotion of mid-career employees to managerial positions]

The Company is actively hiring mid-career personnel, mainly in strategic businesses, such as those who meet the business needs and engineers who will promote future development themes. At present, the percentage of mid-career employees hired by AGC Inc. on a non-consolidated basis is approximately 50%, and is contributing to the strengthening of organizational diversity. Mid-career employees are promoted to higher positions without any distinction from existing employees, posting the right person in the right place, and this includes filling managerial positions with mid-career employees. Accordingly, no goals are set such as having a certain percentage of mid-career employees in managerial positions.

(2) Policy and status of development in regard to human resources and internal environment for ensuring diversity

To develop leaders who will take on the future of Group management, the AGC Group is implementing management of Group management personnel, organically linking leadership development programs in levels of Group, global, respective In-House Companies/SBU, and regions. Through systematic deployment and training at a global level, employees are encouraged to acquire experience and knowledge necessary to become a management personnel. Status of performance and demonstration of leadership and others in current positions are reviewed once a year, and is reflected in the posting and training plan for the following year. The HR Committee, which is comprised of CEO, CFO, CTO, general manager of Human Resources Division, and presidents of each In-House Company, is involved in this serial cycle. The management participate directly in the discovery and development of the next generation management personnel, with Outside Directors giving lectures at training programs.

In addition, the Company encourages cross-divisional network activities. Various workshops, in-house seminars, and study groups are held in each community, and contributing to create a culture of challenge and to foster a sense of unity.

<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, Supplementary Principle 5.2.1 Disclosure of management strategy, etc.>

(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.

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

The AGC Group, as a long-term management strategy Vision 2030, has set “By providing differentiated materials and solutions, AGC strives to help realize a sustainable society and become an excellent company that grows and evolves continuously”.

To realize our Vision 2030, we at the Group aim to create sustainable economic and social value by transforming our business portfolio to one that is resilient to market fluctuations and that has high asset efficiency, growth potential and carbon efficiency by promoting “ambidextrous management” with core and strategic businesses playing an integral role.

In our core businesses, such as architectural glass, automotive glass, display, essential chemicals, and fluorochemicals, we will enhance the competitiveness of each business and build a solid and long-term stable earnings base.

In the strategic businesses of Electronics, Life Science and Mobility, which are high-growth fields, we will create and expand high-profit businesses that will be the pillars of our Group’s future by leveraging our strengths. In both core and strategic businesses, technological and business developments in the environment and energy-related business areas will further be accelerated.

Additionally, to ensure that the long-term management strategy Vision 2030 will be realized, a new medium-term management plan, AGC plus-2023, has been formulated in February 2021. The main strategies are as follows:

(1) Pursuing ambidextrous management

Under the AGC plus management policy, the AGC Group is implementing ambidextrous management to simultaneously realize the deepening of core businesses and exploring of strategic businesses. By increasing pursuit of ambidextrous management, the Group will accelerate growth, such by further developing high-value-added products through delving in core businesses, and actively investing in strategic business areas.

(2) Promotion of sustainability management

With the strength of unique materials and solutions, the AGC Group will continue to fulfill Our Mission of “AGC, an everyday essential part of our world” and contribute to the realization of global and social sustainability.

(3) Gaining competitiveness by accelerating digital transformation

Initiatives will be taken to transform the AGC Group’s business model with DX. Through this, competitiveness will be gained, and new added-value will be provided to customers and society.

Details of management strategies, medium-term management plan AGC plus -2023, and basic policies and status of review of business portfolio are available on the Company’s website.

Presentation materials of long-term management strategy Vision 2030 and medium-term management plan AGC plus-2023 :

[https://www.agc.com/en/ir/library/briefing/pdf/2021\\_0205e\\_2.pdf](https://www.agc.com/en/ir/library/briefing/pdf/2021_0205e_2.pdf)

Progress of the AGC Group Medium-term Management Plan“AGC plus-2023” :

[https://www.agc.com/en/ir/library/briefing/pdf/2023\\_0208e\\_2.pdf](https://www.agc.com/en/ir/library/briefing/pdf/2023_0208e_2.pdf)

Toward the Realization of Vision 2030 :

[https://www.agc.com/en/ir/library/briefing/pdf/2023\\_0208e\\_2.pdf](https://www.agc.com/en/ir/library/briefing/pdf/2023_0208e_2.pdf)

(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 17 (Compensation Committee), Article 18 (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 15 (Nominating Committee) and Article 16

(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 98<sup>th</sup> Ordinary General Meeting of Shareholders, which is available on the Company's website for the reasons for appointing Directors and Audit & Supervisory Board members.

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

<Supplementary Principle 3.1.3 Sustainability Initiatives, etc.>

[ Sustainability Strategy and Governance Structure ]

Based on trends in long-term social issues, the AGC Group identifies opportunities and risks (materiality) that are important for both contributing to the realization of a sustainable society and achieving sustainable growth for the Group. Based on these major opportunities and risks, the AGC Group has established a long-term management strategy, strategies for each of its businesses, and sustainability (non-financial) targets while engaging in business activities with an aim of creating social value in addition to economic value. Moreover, as a body to deliberate on and determine basic policies and measures regarding such initiatives, the Sustainability Committee, chaired by the CEO, has been established. The Sustainability Committee meets four times a year with the attendance of the CEO, CFO, CTO, Audit & Supervisory Board Members, and all divisional directors, and reports its findings to the Board of Directors twice a year and matters of particular importance are decided at the Board of Directors meetings. The Sustainability Division, established in the Corporate Planning Division, leads the formulation and implementation of sustainability management strategies for the entire Group as the secretariat of the Committee.

In addition to the financial targets, "5 Social Values the AGC Group Wants to Create\*" is set forth under the long-term management strategy Vision 2030 announced in February 2021. Here, the Group's contribution toward the realization of a sustainable society is clearly stated. The medium-term management plan AGC plus-2023 which was announced collectively, also positions "promotion of sustainability management" as one of its main strategies, and clearly states that by addressing the sustainability goals in all business activities, creation of the 5 social values will be aimed.

\*5 Social Values the AGC Group Wants to Create: "Contributing to the realization of a sustainable global environment," "Contributing to the realization of safe and comfortable urban infrastructure," "Contributing to the realization of safe and healthy lifestyles," "Contributing to the maintenance of a healthy and secure society," and "Contributing to the creation of fair and safe workplaces"

[Addressing Climate Change]

(1) Governance

In addressing climate change, one of AGC's materialities, the Sustainability Committee deliberates and decides on basic policies and measures, identifies opportunities and risks for the AGC Group, monitors GHG emissions, etc., and addresses issues derived from the results. The CFO, CTO, and Company Presidents/SBU Heads are responsible for executing the corresponding measures based on the resolutions of the Sustainability Committee.

(2) Strategy

With regard to addressing climate change issues, in May 2019, AGC announced its endorsement of the TCFD recommendations, assessed opportunities and risks through a scenario analysis using the TCFD framework, and established a long-term goal of achieving net zero carbon by 2050 and a milestone (interim goal) for 2030. AGC has also added to its long-term management strategy to incorporate technology and business development in the environmental and energy domains into its core businesses as well as strategic businesses from 2022.

Presentation materials of long-term management strategy Vision 2030 and medium-term management plan AGC plus-2023 : [https://www.agc.com/en/ir/library/briefing/pdf/2021\\_0205e\\_2.pdf](https://www.agc.com/en/ir/library/briefing/pdf/2021_0205e_2.pdf)

Toward the Realization of Vision 2030 : [https://www.agc.com/en/ir/library/briefing/pdf/2023\\_0208e\\_3.pdf](https://www.agc.com/en/ir/library/briefing/pdf/2023_0208e_3.pdf)

We have identified and assessed the climate change-related opportunities and risks affecting the Group's operations, in terms of both the potential impact of climate change on our business and the mitigation and application of climate change issues. Opportunities include products that indirectly reduce energy consumption (e.g., Eco-glass) in the Glass business and increased demand for new eco-friendly refrigerants with low global

warming potential in the Chemicals business. Risks include increased costs of responding to transition risks, such as society's growing demand to contribute to decarbonization. Based on the results of this assessment, we have developed a business plan to capture opportunities and reduce risk by expanding strategic businesses with high carbon and asset efficiency and improving the carbon and asset efficiency of existing core businesses. AGC will further expand disclosures based on the TCFD framework in 2023.

### (3) Risk management

AGC has established a structure to deal with short- to medium-term risks under the "AGC Group Enterprise Risk Management Basic Policies". Long-term risks are mitigated by continuously evaluating the appropriateness of strategies through scenario analysis and other means.

To address the risk of climate change, we have adopted internal carbon pricing as a mechanism to reduce GHG emissions from our own activities starting in 2022. We are also working to reduce GHG emissions through energy conservation and a transition to non-fossil energy sources. The identified risks and their management status are regularly monitored and discussed by the Board of Directors and the Management Committee, and the results of periodic self-inspections by each organization are monitored by management.

### (4) Indicators and targets

In 2021, after deliberations by the Sustainability Committee and the Board of Directors, AGC decided to set a long-term goal of achieving net zero carbon by 2050 to reduce GHG emissions. In addition, AGC has set 2030 as a milestone (interim target) to reduce GHG emissions by 30% and GHG emissions per unit of sales by 50% (both versus 2019, Scope 1+2). For the same year, we formulated an action plan to achieve the milestone, which we have been implementing since 2022. AGC promotes the reduction of GHG emissions by setting targets based on business characteristics and local energy conditions, and by managing actual results using a common Group database. In addition, in June 2022, AGC set a target to reduce Scope 3 GHG emissions (Categories: 1,10,11,12) by 30% in 2030 (versus 2019) and will work to develop an action plan by 2023. AGC has also set a goal to achieve net-zero carbon emissions worldwide through its products and technologies.

Related Principles: Principle 2.3, Supplementary Principle 2.3 (1), Supplementary Principle 4.2 (2)

Details of these initiatives are available on the Company's website.

AGC Integrated Report : [https://www.agc.com/en/company/agc\\_report/index.html](https://www.agc.com/en/company/agc_report/index.html)

Sustainability Data Book : <https://www.agc.com/en/csr/book/index.html>

ESG Briefing Session : [https://www.agc.com/en/ir/library/bizbriefing/pdf/2022\\_0905eesg.pdf](https://www.agc.com/en/ir/library/bizbriefing/pdf/2022_0905eesg.pdf)

[Investments and advances in human capital, etc.]

The AGC Group recognizes that organizational functions and teams of human resources that can respond flexibly to changes in business environment (in other words, a resilient organization) are required to achieve the long-term management strategy Vision 2030. Based on this, pursuit of diversity, equity and inclusion, and strengthening of the individual is set as the basic policy of personnel strategy.

To realize the above, we are promoting seamless reforms, ranging from strategic human resource development, reform of workstyles, to revision of various systems and frameworks. In strategic human resource development, investment to develop global leaders is actively conducted by implementing training programs such as leadership development programs placing succession planning of AGC top management (successor development plan) as its core. Talent management systems (mechanism to produce and develop management personnel by visualizing human resources) are also introduced to systematically deploy and develop young potential human resources over the medium to long term after listing them up.

Details of these initiatives are available on the Company's website.

AGC Integrated Report : [https://www.agc.com/en/company/agc\\_report/index.html](https://www.agc.com/en/company/agc_report/index.html)

[Investment in intellectual property, etc.]

To continue being the "first choice" for our customers, the AGC Group continues to challenge creating new technologies while looking ahead to the future needs of society and customers. To promote R&D in accordance with this philosophy, the Technology General Division is advancing R&D in a long-term and flexible manner based on the stance of "linking R&D with market." This is done by working in close liaison with corporate divisions such as the Intellectual Property Division, the Business Development Division, and the Productivity Innovation Division, as well as various other divisions including the R&D divisions of each In-House Company.

The concept of ambidextrous management is also adopted in R&D. Innovation in production and basic technologies together with development of next-generation and new products based on existing businesses, and development to create new businesses by utilizing AGC capabilities are progressing simultaneously. To further



strengthen technological capabilities, we are actively promoting open innovation, and are conducting many joint research projects with academia both inside and outside Japan.

Trends in R&D expenses are available on the Company's website.

Financial Data Collection : [https://www.agc.com/en/ir/pdf/data\\_all.pdf](https://www.agc.com/en/ir/pdf/data_all.pdf)

Intellectual property rights are the fruit of R&D. The AGC Group is promoting intellectual property activities to protect and increase intellectual property rights as an important resource in business strategy, and to enhance competitiveness. Specifically, efforts are made to acquire rights according to business activities by globally filing applications for inventions created at development sites in each country.

The number of the Company's inventions in Japan in FY2022 came to 594.

Details of these initiatives are available on the Company's website.

Intellectual Property Strategy : <https://www.agc.com/en/innovation/property/index.html>

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

Please refer to Article 9 (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 4.8 Effective Use of Independent Outside Directors>

Three (3) of the seven (7) Directors are appointed as Independent Outside Directors, all of whom are adequately qualified to contribute to the sustainable growth of the Company and the enhancement of medium- to long-term corporate value. All meet the independence standards as well.

For details on independence standards, please refer to "II. Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters, Independent Directors/Auditors, Other Matters concerning Independent Directors/Auditors" described below.

<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 4.10.1 Effective Use of Independent Outside Directors>

The Company's Nominating Committee and the Compensation Committee are set up to improve objectivity in appointment and dismissal of Directors, Audit & Supervisory Board Members, and Executive Officers including the President & CEO, as well as compensation of Directors and Executive Officers. Particularly important items are reviewed also from the perspective of skills and diversity such as gender. The majority of the members of each committee shall be Independent Outside Directors, and chairperson of each committee shall be served by an Independent Outside Director.

For policy in regard to independence, authorization, and roles of each committee structure, please refer to "II. Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters, Directors, Supplementary explanation" described below.

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

Please refer to Article 8 (Structure of Board of Directors) and Article 16 (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.

Based on this view, the Company strives to ensure diversity by deploying, with good balance, Directors and Audit & Supervisory Board Members with skills by referring to the skill matrix which clarify skills the Board of Directors and the Audit & Supervisory Board should possess. Skills are identified from the viewpoint of the functions required in the Board of Directors and Audit & Supervisory Board, consistency with management strategies, and business characteristics. For each skill, definition and guide for deciding its possession is set. The presence of high level of expertise will serve as a guide for determining whether one has each ability or not.

Please refer to the figure below [Skills of Directors and Audit & Supervisory Board Members].

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

Please refer to the Business Report of the Notice of the 98<sup>th</sup> Ordinary General Meeting of Shareholders, which is available on the Company's website for the Directors' and Audit & Supervisory Board members' concurrent positions.

<https://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 >

AGC believes it is important to continuously strengthen and enhance corporate governance to achieve sustainable growth and increase corporate value over the medium to long term.

Based on this thinking, the basic policy of its corporate governance system is to clearly separate functions of management oversight and management execution, to strengthen the oversight functions, and to ensure prompt decision-making in the management functions. The oversight functions are performed primarily by the Board of Directors, which is the basic policy approval and management function oversight body for the Group.

To improve the effectiveness of the Board of Directors and increase stakeholder confidence in its corporate governance, AGC has been analyzing and evaluating the effectiveness of the Board of Directors annually since fiscal 2016 in accordance with the AGC Group Corporate Governance Basic Policy. Furthermore, this effectiveness evaluation is conducted with the cooperation of an external agency after a fixed number of years (approximately once every three years) to incorporate objectivity.

This fiscal year, an external agency was appointed to conduct the evaluation and its analysis confirmed the effectiveness of the Board of Directors has been secured.

[Status of responses to future initiatives set forth in the 2021 evaluation]

In fiscal 2022, the Board of Directors implemented the following initiatives, primarily based on the results of the previous year's evaluation

(1) Further enhancement of corporate governance

- AGC have strengthened the monitoring of Group governance by enhancing reporting related to internal control systems.
- The Company has made regular reporting of sustainability activities and enhanced the reporting of non-financial information.

(2) AGC have further enhanced operational (2) support for the Board of Directors and continue to improve working aspects

- In addition to ongoing efforts to improve the structure and content of briefing materials, from fiscal 2022 AGC introduced a process to distribute explanatory videos with narration when materials are provided in advance, thereby improving the quality of discussions at Board of Directors meetings.
- Off-site meetings were held on an ongoing basis to promote understanding of the Company among outside directors and to enhance communication among Directors, thereby stimulating discussion.

[Process for evaluating the effectiveness of the Board of Directors in fiscal 2022]

This year, an external agency was appointed to conduct the evaluation. Each Director and Audit & Supervisory Board Member conducted a self-assessment and an interview based on the results. The Board of Directors made a final assessment based on the results of the analysis by the external agency. Details of the process are as follows.

(1) Implemented self-evaluation by each Director and Audit & Supervisory Board Member based on a questionnaire (October 2022)

The main evaluation items were as follows.

- Role of the Board of Directors: Roles and responsibilities of the Board of Directors and the execution side, status of discussions
- Composition of the Board of Directors: Board of Directors size, composition, diversity, etc.
- Operation of the Board of Directors meetings: Meeting frequency, deliberation time, selection of agenda items, support structure for outside directors, etc.
- Composition of the Audit & Supervisory Board: Number of members, diversity, etc.
- Operation of advisory committees (Nominating Committee and Compensation Committee): Deliberation time, selection of agenda items, provision of information, etc.

(2) Conducted interviews with each Director and Audit & Supervisory Board Member (November 2022)

All seven Directors and four Audit & Supervisory Board Members were interviewed individually by an external agency. AGC reviewed the questionnaire responses and obtained additional input.

(3) Discussion at the Board of Directors Meeting (January 2023)



The Board of Directors assessed the overall effectiveness and confirmed the policy for further improvement of effectiveness from the results of the questionnaire-based self-assessment and the results of the external agency's analysis of interviews as well as the confirmation of the implementation status of initiatives from the previous year.

[Summary of 2022 evaluation results]

In AGC's Board of Directors, the supervisory and executive roles are clearly defined, and the diversity of composition is secured based on the role of the Board of Directors. Furthermore, each agenda item to be discussed by the Board of Directors is discussed and supervised in depth according to the role of the Board of Directors. In addition, AGC confirmed that the opinions of each director and other members of the Board of Directors are incorporated into the operation of the Board of Directors in a timely manner, that constant improvements are made, and that a high level of effectiveness is secured in general. The analysis by an external agency confirmed that the overall high level of effectiveness of the Board was secured, with active discussions taking place in a small group with an open atmosphere.

[Future Initiatives]

(1) Further utilization of the knowledge of outside directors and others on important medium- and long-term management themes

- In fiscal 2023, the Company plans to hold Board of Directors meetings and off-site meetings to discuss important medium- and long-term management themes, such as sustainability and the business portfolio. This will be done in conjunction with the process of formulating the next medium-term management plan, to further utilize the knowledge of outside directors and others.

(2) Establish monitoring themes for the Board of Directors and strengthen supervisory functions

- AGC will enhance the reporting and discussion of non-financial information, including human capital, through regular reports on sustainability activities.
- AGC will reinforce the monitoring of Group governance through reporting on the internal control system.

(3) Continuously innovate agenda-setting and improve the quality of discussions

- AGC will continue to innovate agenda-setting for the Board of Directors meetings, including reviewing the criteria for the submission of certain items to the Board of Directors meetings to further improve the quality of discussions.

(4) Ongoing discussions regarding the diversity of the Board of Directors and other bodies and the selection of governance style

The Board of Directors will continuously discuss the diversity of the Board, including skill sets required, as well as the governance style, taking into account the strategic direction and the environment.

(5) Continuous improvement of Board of Directors and committee operation

- The Company evaluates that the operation is efficient and will continue and further enhance previous initiatives, such as simplification of materials and video distribution of explanatory materials prior to meetings.
- AGC will continue to hold off-site meetings, which we have been doing for some time, to promote understanding of the Company among outside directors, improve communication among Directors, and invigorate discussions.
- AGC will enhance opportunities for outside directors to visit its plants and other locations to provide information and promote understanding of its business.

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

Please refer to Article 20 (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.

AGC Group Corporate Governance Basic Policy :

[https://www.agc.com/en/company/pdf/governance\\_basic\\_e.pdf](https://www.agc.com/en/company/pdf/governance_basic_e.pdf)

<Principle 5.1 Policy on Dialogue with Shareholders>

Based on the belief that constructive dialogue with shareholders/investors contribute to sustainable growth and enhancement of corporate value, the Company has established the following policies.

(1) Dialogue with shareholders/investors shall be overseen by the Executive Officer in charge of IR, and conducted by the President and other Executive Officers, Directors including Outside Directors, Audit & Supervisory Board Members, and divisions in charge of IR. If shareholders/investors request individual dialogues, Executive Officers such as the President & CEO, Directors, and Audit & Supervisory Board Members shall attend

the meeting to a reasonable extent, after considering matters such as the purpose of the meeting, materiality of the subject concerned, and attributes of the person requesting the dialogue.

(2) To enrich dialogues with shareholders/investors, the President & CEO and other officers shall appropriately disclose and explain management policies, status of business performance and initiatives taken for major issues, etc. through investor briefings and general meetings of shareholders, etc.

(3) To promote constructive dialogues with shareholders/investors, a division in charge of IR shall organically cooperate with associated internal departments.

(4) To ensure effective dialogues with shareholders/investors, efforts to grasp and understand shareholders' structure shall be made.

(5) Opinions and concerns, etc. ascertained through dialogues with shareholders/investors shall be shared with the Board of Directors, Executive Officers, and associated internal departments whenever necessary, so as to be utilized as an important source of information for management.

(6) In dialogues with shareholders/investors, information shall be strictly managed in accordance with the "Management rules for preventing insider trading" to prevent the provision of insider information. The period from the day following the closing date to the date of the announcement of the financial results for each quarter shall be set as a "silent period" during which dialogue on financial results information shall be refrained.

Please refer to Article 23 (Dialogue with Shareholders) of the AGC Group Corporate Governance Basic Policy which also states policy on constructive dialogues with shareholders. For specific initiatives and measures, etc., please refer to III (Implementation of Measures Related to Shareholders and Other Stakeholders)-2 (IR Activities) described later.

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

As set out in its long-term management strategy Vision 2030, the Group aims to achieve a stable ROE of 10% or more in order to realize profitability that exceeds the cost of capital. In addition to ROE at the Group level, the Group emphasizes ROCE\*, EBITDA, and cash flow at the Group and business unit levels as key performance indicators. To determine performance-linked compensation amounts, the Company uses ROCE, EBITDA, and cash flow-related indicators for its Directors, Executive Officers, and other senior managers. (\*ROCE: Return on Capital Employed)

AGC also strives to provide appropriate returns to shareholders, and its basic policy is to "maintain stable dividends with a consolidated payout ratio aiming for 40%, while flexibly implementing share buybacks." In accordance with this policy, the Company repurchased approximately 50 billion yen of its own shares between February 9 and September 22, 2023 and canceled the entire amount on October 31.

Furthermore, as described in "Principle 5.1 Policy for Constructive Dialogue with Shareholders," through proactive dialogue with shareholders and investors as well as further enhancement of disclosure, AGC seeks to ensure that its growth potential is properly valued by the stock market.

Please refer to the following for details.

Financial Results Briefing Material: "The AGC Group's initiatives for Corporate Value Enhancement" (pages 30-38):

[https://www.agc.com/en/ir/library/briefing/pdf/2023\\_0802e\\_1.pdf](https://www.agc.com/en/ir/library/briefing/pdf/2023_0802e_1.pdf)

AGC Integrated Report 2023: A Message from the Chief Financial Officer (pages 13-16):

[https://www.agc.com/en/company/agc\\_report/pdf/agc\\_report\\_en\\_2023.pdf](https://www.agc.com/en/company/agc_report/pdf/agc_report_en_2023.pdf)

## 2. Capital Structure

### Foreign Shareholding Ratio

From 20 percent to less than 30

[Overview of Major Shareholders]

Name of Shareholders	Number of Shares Held	Percentage of Shares Held (%)
The Master Trust Bank of Japan, Ltd.(Trust Account)	31,696,700	14.27
Custody Bank of Japan, Ltd. (Trust account)	16,583,800	7.47
Meiji Yasuda Life Insurance Company	7,692,600	3.46
The Asahi Glass Foundation	6,219,781	2.80
Barclays Securities Japan Limited BNYM	6,000,000	2.70
JP Morgan Securities Japan Co., Ltd.	4,791,331	2.16
Asahi Glass Business Partner Shareholding Association	4,536,233	2.04
Japan Securities Finance Co., Ltd.	3,974,400	1.79
SMBC Nikko Securities Inc.	3,889,540	1.75
Nippon Life Insurance Company	3,662,941	1.65

Controlling shareholder (excluding parent company)	-
Parent company	None

### Supplementary Information

- The above information is described as of the end of 2022.  
In addition to the above, there are 5,383,924 shares of treasury shares as of the end of 2022.
- "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, 2022. 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 60,824,778 shares; Percentage of total 5.13%

(Details)

BlackRock Japan Co., Ltd.:

The number of shares held 20,157,000 shares; Percentage of total 1.70%

BlackRock Financial Management Inc.:

The number of shares held 1,348,000 shares; Percentage of total 0.11%

BlackRock Life Limited:

The number of shares held 2,564,186 shares; Percentage of total 0.22%

BlackRock Asset Management Ireland Limited:

The number of shares held 4,295,279 shares; Percentage of total 0.36%

BlackRock Fund Advisors:

The number of shares held 13,333,000 shares; Percentage of total 1.12%

BlackRock Institutional Trust Company, N.A.:

The number of shares held 16,782,748 shares; Percentage of total 1.41%

BlackRock Investment Management (UK) Limited:

The number of shares held 2,344,565 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 December 6, 2022, a change report pertaining to large-volume holding of the Company's shares was

submitted by Nomura Securities Co., Ltd. and 2 other companies. The Company is unable to confirm the actual number of shares owned as of December 31, 2022. 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 November 30, 2022 as follows.

The number of shares held 11,396,317 shares; Percentage of total 5.01%

(Details)

Nomura Securities Co., Ltd.:

The number of shares held 37,126 shares; Percentage of total 0.02%

Nomura International plc:

The number of shares held 401,991 shares; Percentage of total 0.18%

Nomura Asset Management Co., Ltd.:

The number of shares held 10,957,200 shares; Percentage of total 4.82%

(3) On January 10, 2023, a change report pertaining to large-volume holding of the Company's shares was submitted by Sumitomo Mitsui Trust Asset Management Co., Ltd. and the other company. The Company is unable to confirm the actual number of shares owned as of December 31, 2022. 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 30, 2022 as follows.

The number of shares held 12,283,100 shares; Percentage of total 5.40%

(Details)

Sumitomo Mitsui Trust Asset Management Co., Ltd.:

The number of shares held 7,230,800 shares; Percentage of total 3.18%

Nikko Asset Management Co., Ltd.:

The number of shares held 5,052,300 shares; Percentage of total 2.22%

### 3. Corporate Attributes

Stock Exchange Listings	Tokyo (Prime Market)
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

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

The Company owns 52.8% of the shares of Ise Chemical Industry Co., Ltd. listed on the Standard Market of the Tokyo Stock Exchange, and is the controlling shareholder with majority voting rights.

Ise Chemicals Corporation manufactures and sells iodine-related products, metallic compounds used in electronic devices, etc., and extracts and sells natural gas and is a supplier of raw materials (iodine and natural gas) necessary for the Group's chemicals business. In addition, the Company periodically checks whether it is optimal to maintain the current relationship with the subsidiary in the Group's chemicals business, and works to achieve synergies and maximize the corporate value of the Group as a whole through flexible use of the Group's management resources by the subsidiary. In the joint efforts to maximize group synergies between the Company and the subsidiary, the Company respects the autonomous decision-making of the subsidiary and strives to establish an effective governance system to prevent conflicts of interest with minority shareholders of the subsidiary.

At such subsidiaries, at least one-third of the independent outside directors are elected so that they can

appropriately supervise transactions with the parent company from an independent and objective standpoint. In addition, the Committee on Material Transactions with Shareholders with Controlling Interests consisting of independent directors, deliberates and provides advice and recommendations to the Board of Directors on matters related to policies for determining the terms and conditions of transactions with shareholders with controlling interests, etc. The Board of Directors respects such advice and recommendations to the extent possible.

## **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
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#### **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)**

Name	Occupation	Relation(s) with the Company* <sup>1</sup>											
		a	b	c	d	e	f	g	h	i	j	k	
Hiroyuki Yanagi	Executive of another company												
Keiko Honda	Executive of another company												
Isao Teshirogi	Executive of another company								o				

\*Categories for relations with the Company

\* "o" 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. Person who performs duties at or a non-executive director of the parent company of the listed company
- c. Person who performs duties at the brother company of the listed company
- d. Person who has the listed company as the major business partner
- e. Person who performs duties at a company which has the listed company as the major business partner
- f. 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
- g. Major shareholder of the listed company (or a person who performs duties at the major shareholding company, if the major shareholder is a corporation.)
- h. Person who performs duties at a business partner of the listed company (Not applicable in the above d, e or f)
- i. 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
- j. Person who performs duties at a company which has been donated by the listed company
- k. Others

Relation with the Company (2)

Name	Independent Director	Supplementary Information in Regard to Applicable Items	Reason(s) for Appointing the Outside Directors
Hiroyuki Yanagi	✓	-	<p>Hiroyuki Yanagi has successively served as the President and Director, and Chairman and Director, of Yamaha Motor Co., Ltd. and has abundant experience in overall corporate management, including branding strategies and utilization of digital technologies, at this company which is vigorously promoting global operations. The Company has appointed him as an Outside Director with the expectation that he will utilize his experience to oversee and supervise the management of the Company from an independent standpoint, as well as provide suggestions on the Company's overall business management, including the strengthening of global business development, thereby playing a role in enhancing the Company's corporate governance.</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 experience of engaging in the consulting business for many years, and this includes providing advice on corporate and financial strategies, M&amp;A, and alliances. She also has experience serving as representative of a multinational institution. Based on such experiences, she teaches ESG investment at a university, with extensive knowledge in management and sustainability of corporates and global organizations. The Company has appointed her as an Outside Director with the expectation that she will utilize her experience to oversee and supervise the management of the Company from an independent standpoint, as well as provide suggestions on the Company's overall business management based on her specialized perspective, thereby playing a role in enhancing the Company's corporate governance.</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 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 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.</p>



Isao Teshirogi	✓	<p>The Company has a business relationship in connection with pharmaceutical intermediates with Shionogi &amp; Co., Ltd., where he serves as a business executing person; however, the transaction amount accounts for less than 0.1 percent of the Company's net sales.</p>	<p>Isao Teshirogi serves as the Director, President and CEO of Shionogi &amp; Co., Ltd. and has abundant experience in overall corporate management, including overseas business operations, at this company which is pursuing a high value-added business as a drug discovery-based pharmaceutical company. The Company has appointed him as an Outside Director with the expectation that he will utilize such experience to oversee and supervise the management of the Company from an independent standpoint, as well as provide suggestions on the Company's overall business management, including the development of its strategic businesses, thereby playing a role in enhancing the Company's corporate governance.</p> <p>Mr. Teshirogi 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>
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Any voluntary committee that is equivalent to the Nominating Committee or the Compensation Committee	Yes
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**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. With regards to the reappointment of the President & CEO, the Nominating Committee shall, each year, evaluate the achievements and the status of the performance of the President & CEO and propose to the Board of Directors, and the Board of Directors shall decide the

reappointment. The Board of Directors shall respect and deliberate the proposals of the Nominating Committee.

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.

In fiscal 2022, the Nominating Committee met (10) times to deliberate on the selection of candidates for the next Board of Directors, Audit & Supervisory Board, and Executive Officers, the evaluation of the President's performance and reappointment decisions, and succession planning for the CEO and other officers.

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 (FY2022) are as follows.

<Nominating Committee>

■ Chairman of the Committee

Keiko Honda (Outside Director)

【Participation in the Committee meetings (FY2022)】 10 times out of 10

■ The Other Members of the Committee

Takuya Shimamura (Internal Director)

【Participation in the Committee meetings (FY2022)】 10 times out of 10

Yoshinori Hirai (Internal Director)

【Participation in the Committee meetings (FY2022)】 10 times out of 10

Hiroyuki Yanagi (Outside Director)

【Participation in the Committee meetings (FY2022)】 10 times out of 10

Isao Teshirogi (Outside Director)

【Participation in the Committee meetings (FY2022)】 8 times out of 8 (\*1)

(\*1) Isao Teshirogi assumed the position of the member of the Committee on March 30, 2022.

<Reference>

The Participation in the Nominating Committee meetings (FY2022) of Yasuchika Hasegawa who retired from his position of Director on March 30, 2022 is 2 times out of 2.

(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. The Board of Directors shall respect and deliberate the proposals of the Compensation Committee.

The Compensation Committee met (9) times in fiscal 2022. The Committee deliberated and proposed to the Board of Directors the planned bonus and stock compensation payments to Directors and Executive Officers, goal-setting for performance-linked compensation, and revisions to the executive compensation system. In response to these proposals, the Board of Directors discussed and resolved on the proposals from the Compensation Committee.

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 (FY2022) are as follows.

< Compensation Committee >

■ Chairman of the Committee

Isao Teshirogi (Outside Director)

【Participation in the Committee meetings (FY2022)】 7 times out of 7 (\*1)

■ The Other Members of the Committee

Takuya Shimamura (Internal Director)

【Participation in the Committee meetings (FY2022)】 9 times out of 9

Yoshinori Hirai (Internal Director)

【Participation in the Committee meetings (FY2022)】 9 times out of 9

Hiroyuki Yanagi (Outside Director)

【Participation in the Committee meetings (FY2022)】 9 times out of 9

Keiko Honda (Outside Director)

【Participation in the Committee meetings (FY2022)】 8 times out of 9

(\*1) Isao Teshirogi assumed the position of the member of the Committee on March 30, 2022.

<Reference>

The Participation in the Compensation Committee meetings (FY2022) of Yasuchika Hasegawa who retired from his position of Director on March 30, 2022 is 2 times out of 2.

**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

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. In light of the spread of infection of COVID-19, meetings to exchange views, etc. continued to be held by making use of online, in addition to conventional face-to-face, ones.

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
Isamu Kawashima	Former employee of another company										△			
Tatsuro Ishizuka	Former employee of another company										△			
Haruka Matsuyama	Attorney													

\*Categories for relations with the Company

- \* "o" 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

<b>Relation with the Company (2)</b>
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Name	Independent Auditor	Supplementary Information in Regard to Applicable Items	Reason(s) for Appointing the Relevant Outside Audit & Supervisory Board members
Isamu Kawashima	✓	The Company has a business relationship with NEC Corporation, where he served as a business executing person in the past; however, the transaction amount accounts for less than 0.1 percent of said company's net sales.	<p>Isamu Kawashima has served as the Executive Vice President, CFO and Member of the Board as well as the Audit &amp; Supervisory Board Member of NEC Corporation, has abundant experience in corporate management at this company, which is vigorously promoting global operations. With such experience, he is expected to fulfill the role of Audit &amp; Supervisory Board Member for the Company. We have accordingly appointed him as an Outside Audit &amp; Supervisory Board Member.</p> <p>He 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 &amp; 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>
Tatsuro Ishizuka	✓	<ul style="list-style-type: none"> <li>• The Company has a business relationship, such as system development and maintenance, with Hitachi, Ltd., where he was a business executing person in the past; however, the transaction amount accounts for less than 0.1 percent of said company's net sales.</li> <li>• He serves as an</li> </ul>	<p>Tatsuro Ishizuka has successively served as the Executive Vice President and Executive Officer of Hitachi, Ltd. and Director, Chairman and Executive Officer of Hitachi Construction Machinery Co., Ltd. and has abundant experience in overall corporate management in the Hitachi Group which is vigorously promoting global operations. With such experience, he is expected to fulfill the role of Audit &amp; Supervisory Board Member. We have accordingly appointed him as an Outside Audit &amp; Supervisory Board Member.</p> <p>He 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</p>

		outside director of K&O Energy Group Inc., which competes in a business area with Ise Chemical Corporation, one of the Company's subsidiaries, but he is not a business executing person of said company; thus, he meets the Company's standards for independence of outside officers.	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. 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.
Haruka Matsuyama	✓	-	Haruka Matsuyama 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 appointed him as an Outside Audit & Supervisory Board Member. She 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. 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.

### 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
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#### 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

#### Supplementary Information in Regard to Applicable Items

#### Director Remuneration

Status of disclosure of individual remuneration for directors	Partially disclosed
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#### Supplementary Information in Regard to Applicable Items

Compensation paid to 8 Directors of the Company (including 3 Outside Directors)(\*1) for fiscal 2022 is as follows.

(\*1) “Compensation paid to 8 Directors of the Company” includes compensation for one Director (an Internal Director) who retired from position as of March 30, 2022.

1. Monthly compensation: ¥333 million (including ¥51 million for Outside Directors)
2. Performance-linked bonus: ¥110 million (paid to Directors concurrently serving as Executive Officer)
3. Stock compensation: ¥218 million (including ¥6 million for Outside Directors)(\*2)

(\*2) The amount of payment of “Stock compensation” shows the amount recorded as expenses for the fiscal year under review.

The details of individual compensation of one director who received, in aggregate, consolidated compensation of ¥100 million or more are disclosed as follows:

1. Director and Chairman Takuya Shimamura: ¥179 million  
(Monthly Compensation: ¥102 million, Stock compensation: ¥77 million)
2. Representative Director, President & CEO Yoshinori Hirai: ¥218 million  
(Monthly Compensation: ¥81 million, Performance-linked bonus: ¥59 million, Stock compensation: ¥77 million)
3. Representative Director, Senior Executive Vice President, CFO Shinji Miyaji: ¥120 million  
(Monthly Compensation: ¥56 million, Performance-linked bonus: ¥30 million, Stock compensation: ¥33 million)

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

The Company amended its “Policy for determining compensation and other emoluments for officers” on January 1, 2023. The content of the revision is to change the ratio of fixed remuneration to variable remuneration in the



composition of remuneration for the President and Chief Executive Officer of the Board of Directors, in order to ensure that the management of the Company takes a balanced perspective over the short, medium, and long term in order to achieve the sustainable development of the Group and increase its corporate value.

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	Fixed compensation	Variable compensation (*3)	
	Monthly compensation	Bonuses	Stock compensation
Director President and CEO	35	30	35
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) 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 (\*4) and Cash Flow, considering the importance of improving business profitability and asset efficiency, as well as generating cash flows.  
(\*4) 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 corporate-wide performance, 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.

<Reference>

[Business results for FY2022]

- The Return (Operating Profit) on Capital Employed was 8.4%(Operating assets before impairment losses) compared to the target of 9.4%.
- The cash flow indicator decreased compared with the previous fiscal year.
- Based on the above-mentioned results of the two indicators and the Company-wide special evaluation, the amount of bonuses to be paid to Directors who serve concurrently as Executive Officers was set at 93% of the standard payment amount.

[Targets for FY2023]

- The indicators of performance shall be Return (Operating Profit) on Capital Employed and Cash Flow, considering the importance of improving business profitability and asset efficiency, as well as generating cash flows.

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 (\*5)(\*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.  
(\*5) Return (Business Profit) on Capital Employed = Business Profit/Operating Assets  
(\*6) Return (Business Profit) on Capital Employed and EBITDA each make up 50% of the performance-linked component
- 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.  
(\*7) 25% for the first year, 25% for the next year, and 50% for the final year

-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 >

[Business results for FY2022]

- Return (Business Profit) on Capital Employed came in at 2.9%.
- EBITDA was ¥369.6 billion.

[Targets for mid-term plan]

• The levels of Return (Business Profit) on Capital Employed and EBITDA generally equivalent to the target of ROE of 8% in the mid-term plan covering the period from fiscal year 2021 through fiscal year 2023 are set as the baseline of targets. The details are as follows.

Return (Business Profit) on Capital Employed : 7.0% or more

EBITDA : 344 billion yen or more

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

< Reference >

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

- (1) Amount of compensation, etc. relating to monthly compensation and bonuses for Directors was resolved, at the 97th Ordinary General Meeting of Shareholders held on March 30, 2022, to be not more than ¥750 million per year (including the portion for Outside Directors which was set at not more than ¥67 million per year). Please note that only Directors who serve concurrently as Executive Officers are eligible for the payment of bonuses.
- (2) At the 97th Ordinary General Meeting of Shareholders held on March 30, 2022, a resolution was passed on stock compensation for Directors and Executive Officers (not including non-residents of Japan). It was decided that for each relevant period in the mid-term management plan (three fiscal years), the Company would contribute money up to a total of ¥2.25 billion (including the portion for Outside Directors, which was set at ¥25 million in total) to the trust, and that the Company's shares (including shares subject to conversion into cash) delivered, etc. through the trust would be up to a total of 495,000 shares (including the portion for Outside Directors, which was set at 6,000 shares in total).

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.

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.

Under the above support system, 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
-	-	-	-	-	-

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

### 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 to secure the independence and neutrality of the Board of Directors.

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 2022, 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 (FY2022) are as follows.

< Board of Directors >

■ Chairman of the Board of Directors

Hiroyuki Yanagi (Outside Director)

【Participation in the Board of Directors meetings (FY2022)】 14 times out of 14

■ The Other Members of the Board of Directors

Takuya Shimamura (Internal Director)

【Participation in the Board of Directors meetings (FY2022)】 14 times out of 14

Yoshinori Hirai (Internal Director)

【Participation in the Board of Directors meetings (FY2022)】 14 times out of 14

Shinji Miyaji (Internal Director)

【Participation in the Board of Directors meetings (FY2022)】 14 times out of 14

Hideyuki Kurata (Internal Director)

【Participation in the Board of Directors meetings (FY2022)】 14 times out of 14

Keiko Honda (Outside Director)

【Participation in the Board of Directors meetings (FY2022)】 14 times out of 14

Isao Teshirogi (Outside Director)

【Participation in the Board of Directors meetings (FY2022)】 11 times out of 11(\*1)

(\*1) Since Isao Teshirogi only assumed the position of Director on March 30, 2022, the total number of the Board of Directors meetings that he was able to attend is different from that of other Directors.

<Reference>

The Participation in the Board of Directors meetings (FY2022) of Yasuchika Hasegawa who retired from his position of Director on March 30, 2022 is 3 times out of 3.

## (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 Tatsuro Ishizuka have abundant experience in corporate management at the company. Audit & Supervisory Board Member Isamu Kawashima has considerable expertise in finance and accounting. Audit & Supervisory Board Member Haruka Matsuyama 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 2022, 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 and the meetings of the Board of Directors (FY2022) are as follows.

#### < Audit & Supervisory Board >

##### ■ Chairman of the Audit & Supervisory Board

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

【Participation in the Audit & Supervisory Board meetings (FY2022)】 14 times out of 14

【Participation in the Board of Directors meetings (FY2022)】 14 times out of 14

##### ■ The Other Members of the Audit & Supervisory Board

Tetsuo Tatsuno (full-time)

【Participation in the Audit & Supervisory Board meetings (FY2022)】 13 times out of 14

【Participation in the Board of Directors meetings (FY2022)】 14 times out of 14

Yaeko Takeoka (Outside Audit & Supervisory Board Member)

【Participation in the Audit & Supervisory Board meetings (FY2022)】 14 times out of 14

【Participation in the Board of Directors meetings (FY2022)】 14 times out of 14

Tatsuro Ishizuka (Outside Audit & Supervisory Board Member)

【Participation in the Audit & Supervisory Board meetings (FY2022)】 11 times out of 11 (\*1)

【Participation in the Board of Directors meetings (FY2022)】 11 times out of 11 (\*1)

(\*1) Since Tatsuro Ishizuka only assumed the position of Audit & Supervisory Board Member on March 30, 2022, the total number of Audit & Supervisory Board that he was able to attend is different from that of other 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 17 years.

The names of the certified public accountants who performed accounting audit duties in fiscal year 2022 and their number of years of continuous auditing are as follows.

Noriaki Habuto : 1 years

Tsutomu Ogawa : 3 years

Takahiro Kajiwara : 4 years

- The assistants for the Company's accounting audit duties consist of 9 certified public accountants (CPA), 9 candidates for CPA who passed the CPA examination and others as well as 9 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.

#### <Measures against COVID-19 infection>

Amidst the continuing impact of the spread of COVID-19 infection, for FY2022 also, the Board of Directors, the



Nominating Committee and Compensation Committee, Audit & Supervisory Board, and other key meetings, as well as parts of audits by Audit & Supervisory Board Members, internal audits, accounting audits, etc. were conducted through online meetings, and efforts were made to ensure communication and coordination utilizing digital tools, etc. In these and other ways, the Company ensured appropriate systems were in place to oversee management.

(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 six In-House Companies: the "Architectural Glass Asia Pacific Company", "Architectural Glass Europe & Americas Company", "Automotive Glass Company", "Electronics Company" and "Chemicals Company" and "Life Science Company".

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

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

AGC strives to improve the objectivity and transparency of management by clearly separating functions of management oversight and management execution. The Board of Directors, which is primarily responsible for the oversight functions is chaired by an independent outside director. The majority of the Board consists of non-executive directors, and we have also established a voluntary Nominating Committee and Compensation Committee, comprising a majority of outside directors. In addition to this, the auditing of the execution of duties by Directors by Audit & Supervisory Board Members, including full-time outside Audit & Supervisory Board Members, is fully functioning, and the Audit & Supervisory Board system has been adopted because it is believed to be sufficient to strengthen the corporate governance system.

### **III. Implementation of Measures Related to Shareholders and Other Stakeholders**

#### **1. Measures to Revitalize the Shareholders' Meetings and Facilitate the Exercise of Voting Rights**

	Supplementary Information
Early Distribution of Notice Regarding the Ordinary General Meetings of Shareholders	The Company sent out the convocation notice of the 98th Ordinary General Meeting of Shareholders, which was held on March 30, 2023, 23 days prior (March ,7 2023) to the general meeting.
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 smartphone), 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	The Company has prepared an full-text English translation of the Notice of General Meeting of Shareholders, etc. mainly to facilitate exercise of voting rights by foreign shareholders. The English translation is posted on the Company's website along with the Japanese version of the Notice of General Meeting of Shareholders, etc. simultaneously.
Others	Notice of General Meeting of Shareholders and Reference Documents for the General Meeting of Shareholders are posted on the Company's website at an early stage. As for ones concerning the 98th Ordinary General Meeting of Shareholders held on March 30, 2023, they are posted on the Company's website on March 2, 2023 prior to delivery. The General Meeting of Shareholders, which is held in a virtual format, is broadcast live via the Internet for shareholders.

## 2. IR Activities

	Supplementary Information	Existence or Nonexistence of explanation by a company representative
Establishing and announcing “Disclosure Policy”	<p>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.</p> <p>&lt;Japanese;  <a href="https://www.agc.com/ir/policy/policy/index.html">https://www.agc.com/ir/policy/policy/index.html</a> &gt;</p> <p>&lt;English;  <a href="https://www.agc.com/en/ir/policy/policy/index.html">https://www.agc.com/en/ir/policy/policy/index.html</a>&gt;</p>	
Holding of Periodic Conferences for Individual Investors	The Company holds briefings for individual investors. In 2022, the Company held one briefing.	Does not exist
Holding of Periodic Conferences for Analysts and Institutional Investors	The Company holds briefings attended by CEO and CFO for analysts and institutional investors on the day it announces business results for the second quarter and the full year. At these briefings, the CEO discusses the medium-term plan (or progress on the plan) and CFO discusses the business results. In addition, the Company holds online briefings for analysts and institutional investors by CFO on the day it announces business results for the first and third quarters.	Exists
Holding of Periodic Conferences for Overseas Investors	The Company visits investors in the U.S., Europe or other countries, individually or holds online meetings with them every year. In addition, the Company attends conferences for institutional investors held in Japan and overseas, and explains its latest business results and medium-term management plan (or its progress).	Exists
Posting of IR Materials on Website	<p>The following IR information is available on our website (in Japanese and English).</p> <p>(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 or video distribution of medium-term management plan and earnings briefings; (7) Company overview and AGC Data Book; (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.</p> <p>&lt;Japanese; <a href="https://www.agc.com/ir/">https://www.agc.com/ir/</a>&gt;          &lt;English; <a href="https://www.agc.com/en/ir/">https://www.agc.com/en/ir/</a>&gt;</p>	
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	<p>The Company's CEO, CFO, CTO, Executive Officer in charge of finance, and the person in charge of IR individually pay visits to major domestic and overseas investors or hold online meetings with them, and explain business results and other details. The Company also holds tours of plants and facilities on an irregular basis. In 2022, the company held an ESG presentation for institutional investors, an IR Day to provide an overview of each business segment, and a tour of the Chiba Plant online. For individual shareholders, a CFO dialogue meeting and a tour of the Chiba Plant were also held online.</p>	
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### 3. Measures Concerning Respecting the Position of Stakeholders

	Supplementary explanation
Internal Rules, etc. Regarding Respecting the Position of Stakeholders	<p>In its Group Vision "Look Beyond", the Group defines <b>innovation &amp; operational excellence, diversity, environment</b> and <b>integrity</b> 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.</p> <p>As a representation to fulfill corporate social responsibility, the Group has 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>[ Consideration for Global Environmental Issues ]</p> <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 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. In regard to climate change issue, which is of particularly high importance among global environmental issues, the Company aims to achieve net zero carbon emissions by 2050, setting as milestones a reduction target of 30% in total greenhouse gas (GHG) emissions and 50% in GHG emissions per unit of sales* by 2030. Internal carbon pricing was fully introduced in February 2022, accelerating internal efforts to reduce GHG emissions.</p> <p>*GHG emissions per unit of sales= GHG emissions/sales</p> <p>[ Crisis Management for Natural Disasters, etc. ]</p> <p>Based on the AGC Group Industrial Safety and Security Policy, Corporate Environment, EHSQ General Division, which is the umbrella body, drew up the activity plan for the year concerned. Based on the activity plan, each business division, etc. is promoting fire prevention, and countermeasures against industrial security incidents and natural disaster-related risks. Implementation status of such measures are monitored through internal audits, etc. for continuous improvement.</p> <p>[ Respect for Human Rights ]</p> <p>The AGC Group sets forth "Respect for People" in the AGC Group Charter of Corporate Behavior, and as a company that respects human rights, implements initiatives in line with the Guiding Principles on Business and Human Rights announced by the United Nations. The Human Resources Division provides training on human rights within the Group and conducts self-assessment of human rights and labor practices every three years at Group companies. In addition, to grasp the status of and initiatives taken in regard to human rights and labor practices in the supply chain, the Purchasing Division conducts a supplier questionnaire in accordance with the AGC Group Purchasing</p>

	<p>Policy. In August 2021, the AGC Group formulated the AGC Group Responsible Minerals Sourcing Policy. Together with our business partners, we are working so that violation of human rights such as conflicts, child labor and forced labor will not be encouraged through mineral procurement activities. In addition, with the Compliance Department playing a central role, internal and external counseling contact channels (including helpline) have been set up giving due consideration to persons seeking consultation. Based on the Action Plan established in 2022, the company will strengthen its efforts to respect human rights starting in 2023.</p> <p>[ Consideration, fair and appropriate treatment for employee health and working environment ]</p> <p>AGC Labor Union is organized within the Company as employees' union, and in labor-management negotiations, issues are resolved through discussion. Meetings are held by top management and union managers at least twice a year to exchange opinions on overall management. The Company has formulated the AGC Group Basic Occupational Health &amp; Safety Policy. Health and safety activities are promoted under the safety policy of "No Production without Safety," based on the concept of the Occupational Health and Safety Management System (OHSMS). Furthermore, since 2005, the Company has been conducting engagement surveys targeting all Group company employees both inside and outside Japan every three years. Based on the results of these surveys, measures necessary for each workplace are determined, implemented, and further ascertained in the next survey. Workplace environment has also been developed where employees can engage in their work worry-free according to the change in their stage of life, and fully demonstrate their capability. Systems related to work-life balance are established to realize a working style in which work and private life can coexist.</p> <p>Details of specific initiatives are available on the Company's website. Sustainability Data Book: <a href="https://www.agc.com/en/csr/book/index.html">https://www.agc.com/en/csr/book/index.html</a></p>
<p>Establishment of Policies, etc. Concerning Supplying Information for Stakeholders</p>	<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>
<p>Other</p>	<p>[ Health and Productivity Management ]</p> <p>Under its management policy "AGC plus 2.0," the AGC Group has positioned the maintenance and promotion of employee health as one of the most important management issues, and has established the "AGC Health Declaration," which outlines how health management should be conducted for employees.</p> <ul style="list-style-type: none"> <li>• AGC Health Declaration</li> </ul> <p>The AGC Group is committed to maintaining and improving the health of its employees in order to "continue to create value for the world" under the slogan of the Group vision "Look Beyond".</p> <p>Awareness of Health</p> <p>For the AGC Group, employees are one of its most important assets, and health is one of the most important factors for employees as the foundation of their lives.</p> <p>Support from AGC</p> <p>The AGC Group will proactively implement measures to maintain and promote the physical and mental health of its employees and support them in fully exercising their individual abilities to become the driving force of the Company's advancement, as well as to ensure that each employee's life is fulfilling.</p> <p>Employee autonomy</p> <p>Employees' awareness of their own health is essential for the maintenance and</p>

promotion of good health, and employees will have the awareness to "protect their own health" and manage their own health autonomously.

- Status of activities

The Group continued and evolved its existing initiatives, such as holding walking events titled "AGC Walk," mental health care, and implementing measures to prevent passive smoking and reduce smoking rates, etc. To further raise employees' health awareness, the Group set health management KPIs to better understand and encourage employees' health conditions, such as the rate of employees receiving secondary health checkups and taking stress check-ups. In 2021, we introduced the "AGC Health Point Plan" to further support the health maintenance and promotion activities of each employee, based on the idea that employees should protect their own health. Furthermore, a system of supervising industrial physicians, who strengthened cooperation with industrial physicians and nurses at each work site and led the planning and implementation of Company-wide measures to respond promptly to ensure the health of its employees even during the COVID-19 pandemic. In recognition of these activities, the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi named AGC "White 500" company for the fourth consecutive year under the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program.

- Health promotion system

The Senior Executive Vice President of the AGC is the chief promotion officer, and a supervising industrial physician is appointed and assigned to promote health together with related departments.

\*The organization chart is shown in the link below.

[https://www.agc.com/en/sustainability/pdf/agc\\_sus\\_en\\_2022.pdf](https://www.agc.com/en/sustainability/pdf/agc_sus_en_2022.pdf)

[ Others ]

In 2021, 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, 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.**

(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

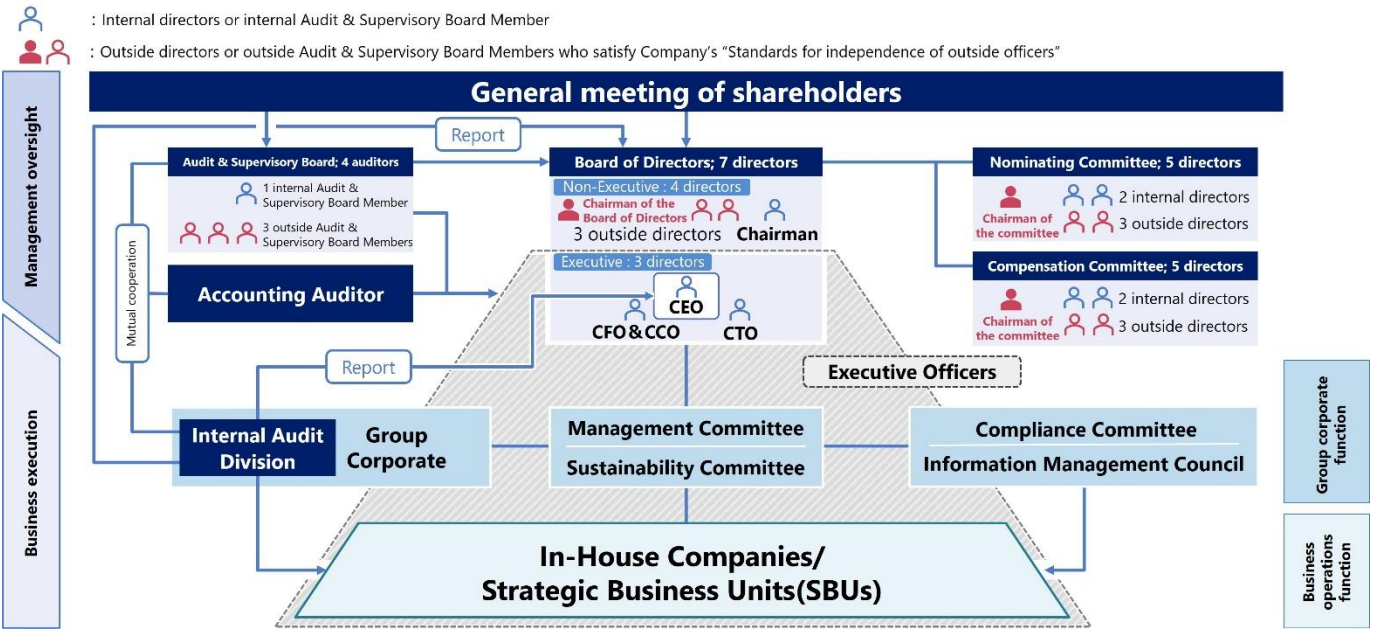
- The GM of Corporate Communications & Investor Relations convenes meetings of the Timely Information Disclosure Committee on a regular basis, where the need for disclosure is discussed in conformity with Timely Disclosure Regulations, etc.

- 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.

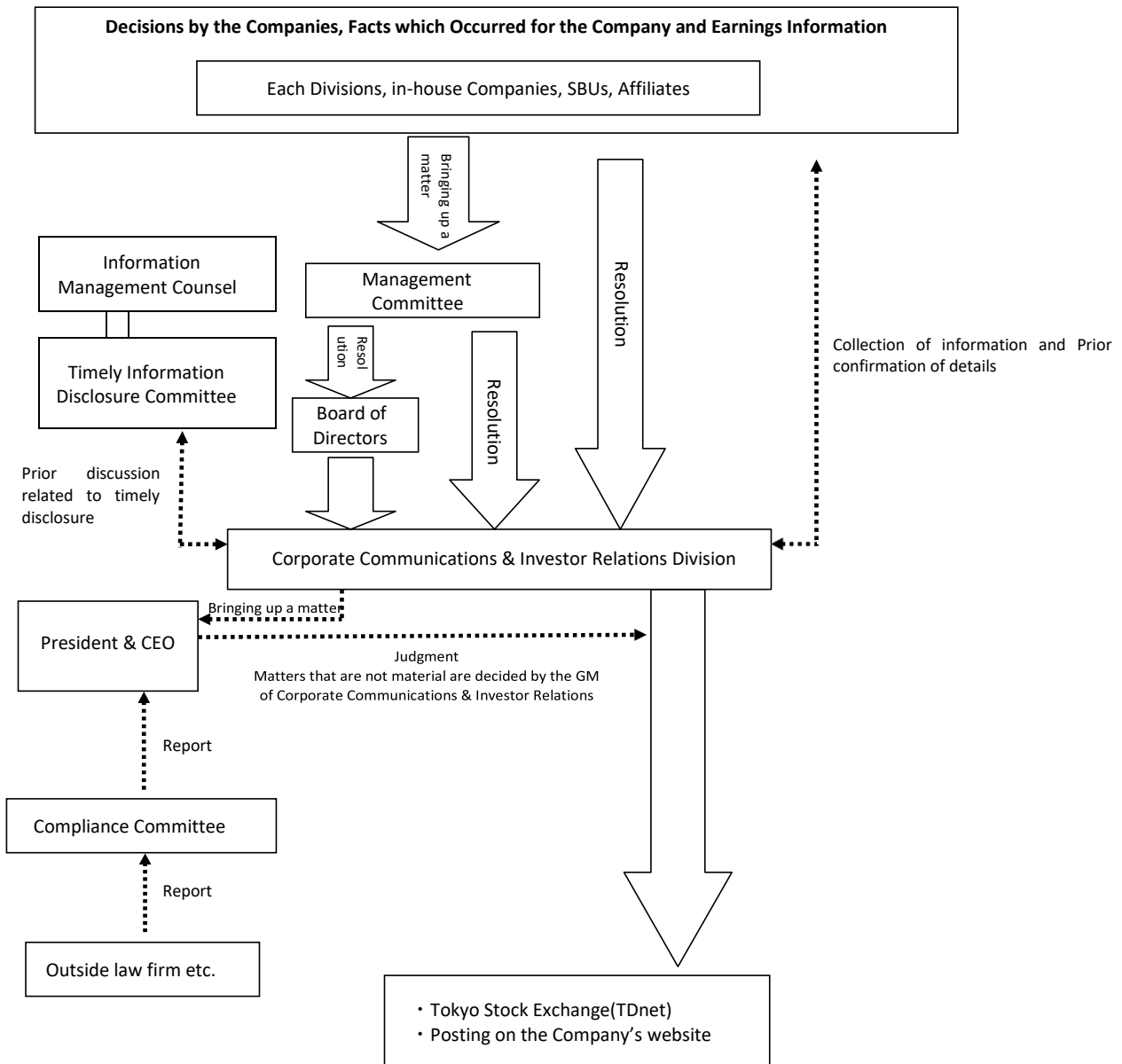
(3) Implementation of timely information disclosure

- 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.

# < The AGC Group's Corporate Governance Structure (Outline) >



# < The AGC Group's Timely Disclosure Structure (Outline) >



## < Skills of Directors and Audit & Supervisory Board Members >

Post and Responsibilities in the Company	Name	Global Business Management	Legal & Internal Control	Finance & Accounting	Sales and Marketing	Manufacturing /R&D	IT・DX	Sustainability	Business Development
Director Chairman	Takuya Shimamura	○			○			○	
Director CEO	Yoshinori Hirai	○			○	○	○	○	○
Director CFO	Shinji Miyaji	○	○	○			○	○	○
Director CTO	Hideyuki Kurata	○			○	○	○	○	○
Independent Director	Hiroyuki Yanagi	○			○	○	○	○	
	Keiko Honda	○		○				○	
	Isao Teshirogi	○			○	○		○	○
Audit & Supervisory Board Member	Tetsuo Tatsuno	○	○	○					
	Isamu Kawashima	○	○	○				○	
	Tatsuro Ishizuka	○				○	○	○	
	Haruka Matsuyama		○					○	

< List of the state of implementation of Corporate Governance Code >

The following information is based on the Japan's Corporate Governance Code revised in June 2021.

General Principle	Principle	Supplementary principles	Comply	Explain	Source of information on compliance status
Section 1 Securing the Rights and Equal Treatment of Shareholders	1-1. Securing the Rights of Shareholders		●		<ul style="list-style-type: none"> <li>AGC Group Corporate Governance Basic Policy : "Article 3 (Respecting Shareholder Rights and Voting Rights)" in "Chapter 2 Relationship with Shareholders"</li> </ul>
		1-1①	●		The Company complies the code.
		1-1②	●		<ul style="list-style-type: none"> <li>"3.Reason for the adoption of the current corporate governance system" in "II.Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters" in the report</li> </ul>
		1-1③	●		<ul style="list-style-type: none"> <li>AGC Group Corporate Governance Basic Policy : "Article 3 (Respecting Shareholder Rights and Voting Rights)" in "Chapter 2 Relationship with Shareholders"</li> </ul>
	1-2. Exercise of Shareholder Rights at General Shareholder Meetings		●		<ul style="list-style-type: none"> <li>"1.Measures to Revitalize the Shareholders' Meetings and Facilitate the Exercise of Voting Rights" in "III.Implementation of Measures Related to Shareholders and Other Stakeholders" in the report</li> </ul>
		1-2①	●		<ul style="list-style-type: none"> <li>"2.Other Items Concerning Corporate Governance System, etc." in "V.Other" in the report</li> </ul>
		1-2②	●		<ul style="list-style-type: none"> <li>"1.Measures to Revitalize the Shareholders' Meetings and Facilitate the Exercise of Voting Rights" in "III.Implementation of Measures Related to Shareholders and Other Stakeholders" in the report</li> </ul>
		1-2③	●		<ul style="list-style-type: none"> <li>"1.Measures to Revitalize the Shareholders' Meetings and Facilitate the Exercise of Voting Rights" in "III.Implementation of Measures Related to Shareholders and Other Stakeholders" in the report</li> </ul>
		1-2④	●		<ul style="list-style-type: none"> <li>"1.Measures to Revitalize the Shareholders' Meetings and Facilitate the Exercise of Voting Rights" in "III.Implementation of Measures Related to Shareholders and Other Stakeholders" in the report</li> </ul>
		1-2⑤	●		The Company complies the code.
	1-3. Basic Strategy for Capital Policy		●		<ul style="list-style-type: none"> <li>AGC Group Corporate Governance Basic Policy : "Article 4 (Strategy for Capital Policy)" in "Chapter 2 Relationship with Shareholders"</li> <li>Progress of the AGC Group Medium-term Management Plan "AGC plus-2023" : <a href="https://www.agc.com/en/ir/library/briefing/pdf/2022_0208e_2.pdf">https://www.agc.com/en/ir/library/briefing/pdf/2022_0208e_2.pdf</a></li> <li>Toward the Realization of Vision 2030 : <a href="https://www.agc.com/en/ir/library/briefing/pdf/2022_0208e_3.pdf">https://www.agc.com/en/ir/library/briefing/pdf/2022_0208e_3.pdf</a></li> </ul>



	1-4. Cross-Shareholdings	•		<ul style="list-style-type: none"> <li>• "Principle 1.4 Cross-Shareholdings" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> <li>• AGC Group Corporate Governance Basic Policy : "Article 5 (Strategic-shareholdings)" in "Chapter 2 Relationship with Shareholders"</li> </ul>
	1-4①	•		The Company complies the code.
	1-4②	•		<ul style="list-style-type: none"> <li>• "Principle 1.4 Cross-Shareholdings" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> <li>• AGC Group Corporate Governance Basic Policy : "Article 5 (Strategic-shareholdings)" in "Chapter 2 Relationship with Shareholders"</li> </ul>
	1-5. Cross-Shareholdings	•		<ul style="list-style-type: none"> <li>• "1. Matters Regarding Takeover Defense" in "V.Other" in the report</li> </ul>
	1-5①	•		<ul style="list-style-type: none"> <li>• "1. Matters Regarding Takeover Defense" in "V.Other" in the report</li> </ul>
	1-6. Capital Policy That May Harm Shareholder Interests	•		The Company complies the code.
	1-7. Related Party Transactions	•		<ul style="list-style-type: none"> <li>• "Principle 1.7 Related Party Transactions" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>
Section2 Appropriate Cooperation with Stakeholders Other Than Shareholders	2-1. Business Principles as the Foundation of Corporate Value Creation over the Medium-to-Long Term	•		<ul style="list-style-type: none"> <li>• "1.Basic Views" in "I.Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information" in the report</li> </ul>
	2-2. Code of Conduct	•		<ul style="list-style-type: none"> <li>• "1.Basic policy about the internal control system" in "IV.Basic Policy Concerning Internal Control System and Overview of their Implementation" in the report</li> </ul>
	2-2①	•		<ul style="list-style-type: none"> <li>• "1.Basic policy about the internal control system (1)" in "IV.Basic Policy Concerning Internal Control System and Overview of their Implementation" in the report</li> </ul>
	2-3. Sustainability Issues, Including Social and Environmental Matters	•		<ul style="list-style-type: none"> <li>• "Supplementary Principle 3.1.3 Sustainability Initiatives, etc." in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>
	2-3①	•		<ul style="list-style-type: none"> <li>• "Supplementary Principle 3.1.3 Sustainability Initiatives, etc." in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>
	2-4. Sustainability Issues, Including Social and Environmental Matter	•		<ul style="list-style-type: none"> <li>• "Supplementary Principle 2.4.1 Goals and Implementation Status for Ensuring Diversity of Human Resources" in Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>
	2-4①		•	

	2-5. Whistleblowing	•	• "1.Basic policy about the internal control system" in "IV.Basic Policy Concerning Internal Control System and Overview of their Implementation" in the report
	2-5①	•	• "2.Other Items Concerning Corporate Governance System, etc. (1)" in "V.Other" in the report
	2-6. Roles of Corporate Pension Funds as Asset Owners	•	• "Principle 2.6 Exercising the Functions of Asset Owner of Corporate Pension Fund" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report
Section 3 Ensuring Appropriate Information Disclosure and Transparency	3-1. Full Disclosure	•	( i ) • "Principle 3.1 Disclosure of management strategy ( i )" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report ( ii ) • AGC Group Corporate Governance Basic Policy : <a href="https://www.agc.com/company/pdf/governance_basic.pdf">https://www.agc.com/company/pdf/governance_basic.pdf</a> ( III ) "Principle 3.1 Disclosure of management strategy, etc. ( iii )" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report ( iv ) "Principle 3.1 Disclosure of management strategy, etc. ( iv )" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report ( v ) • "Principle 3.1 Disclosure of management strategy, etc. ( v )" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report
	3-1①	•	• "Article 22(Information Disclosure and Ensuring Transparency)" and "Article 23 (Dialogue with Shareholders)" in "Chapter 4 Information Disclosure and Communication"
	3-1②	•	• "1.Measures to Revitalize the Shareholders' Meetings and Facilitate the Exercise of Voting Rights" and "2.IR Activities" in "III.Implementation of Measures Related to Shareholders and Other Stakeholders" in the report
	3-1③	•	• "Supplementary Principle 3.1.3 Sustainability Initiatives, etc." in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report
	3-2. External Auditors	•	• "1.Oversight structure and implementation of measures (5)" in "2.Items Concerning Functions such as Execution of Duties, Audit and Supervision, Designation, and Remuneration Determination" in "II.Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters" in the report

		3-2①	•	<ul style="list-style-type: none"> <li>• "1.Oversight structure and implementation of measures (5)" in "2.Items Concerning Functions such as Execution of Duties, Audit and Supervision, Designation, and Remuneration Determination" in "II.Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters" in the report</li> </ul>
		3-2②	•	<ul style="list-style-type: none"> <li>• "1.Oversight structure and implementation of measures (5)" in "2.Items Concerning Functions such as Execution of Duties, Audit and Supervision, Designation, and Remuneration Determination" in "II.Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters" in the report</li> </ul>
Section 4 Responsibilities of the Board	4-1. Roles and Responsibilities of the Board (1)		•	<ul style="list-style-type: none"> <li>• AGC Group Corporate Governance Basic Policy : "Article 7 (Basic Concepts)" in "Chapter 3 Corporate Governance Structure"</li> </ul>
		4-1①	•	<ul style="list-style-type: none"> <li>• "Supplementary Principle 3.1.3 Sustainability Initiatives, etc." in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>
		4-1②	•	<ul style="list-style-type: none"> <li>• "Principle 5.1 Policy on Dialogue with Shareholders" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>
		4-1③	•	<ul style="list-style-type: none"> <li>• "(1)Nominating Committee" in "II.Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters" in the report</li> </ul>
	4-2. Roles and Responsibilities of the Board (2)		•	<ul style="list-style-type: none"> <li>• AGC Group Corporate Governance Basic Policy : "Article 9 (Roles of Board of Directors)" in "Chapter 3 Corporate Governance Structure"</li> </ul>
		4-2①	•	<ul style="list-style-type: none"> <li>• "1.Items Concerning Institutional Structure, Organizational Operation, etc." in "II.Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters" in the report</li> </ul>
		4-2②	•	<ul style="list-style-type: none"> <li>• "Supplementary Principle 3.1.3 Sustainability Initiatives, etc." in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>

<p>4-3. Roles and Responsibilities of the Board (3)</p>	<p>•</p>		<p>• "II.Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters" in "(2)Compensation Committee" in the report • "5.Other Special Circumstances that may have a Material Impact on Corporate Governance" in "I.Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information" in the report</p>	
	<p>4-3①</p>	<p>•</p>		<p>• "Principle 3.1, Supplementary Principle 5.2.1 Disclosure of management strategy, etc. (iv)in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</p>
	<p>4-3②</p>	<p>•</p>		<p>• AGC Group Corporate Governance Basic Policy : "Article 16 (Policy and Procedures for Deciding Candidates for Directors and Audit &amp; Supervisory Board Members and Appointing and Dismissing Executive Officers) 3" in "Chapter 3 Corporate Governance Structure"</p>
	<p>4-3③</p>	<p>•</p>		<p>• AGC Group Corporate Governance Basic Policy : "Article 16 (Policy and Procedures for Deciding Candidates for Directors and Audit &amp; Supervisory Board Members and Appointing and Dismissing Executive Officers) 5" in "Chapter 3 Corporate Governance Structure"</p>
	<p>4-3④</p>	<p>•</p>		<p>• "IV.Basic Policy Concerning Internal Control System and Overview of their Implementation" in the report • AGC Group Corporate Governance Basic Policy : "Article 21 (Internal Control System)" in "Chapter 3 Corporate Governance Structure"</p>
<p>4-4. Roles and Responsibilities of Audit &amp; Supervisory Board Members and the Audit &amp; Supervisory Board</p>	<p>•</p>		<p>• AGC Group Corporate Governance Basic Policy : "Article 13 (Audit &amp; Supervisory Board Members)" in "Chapter 3 Corporate Governance Structure" • "1.Oversight structure and implementation of measures (3)" in "2.Items Concerning Functions such as Execution of Duties, Audit and Supervision, Designation, and Remuneration Determination" in "II.Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters" in the report</p>	

	4-4①	●	<ul style="list-style-type: none"> <li>AGC Group Corporate Governance Basic Policy : "Article 13 (Audit &amp; Supervisory Board Members)" in "Chapter 3 Corporate Governance Structure"</li> <li>"1.Oversight structure and implementation of measures (3)" in "2.Items Concerning Functions such as Execution of Duties, Audit and Supervision, Designation, and Remuneration Determination" in "II.Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters" in the report</li> </ul>
	4-5. Roles and Responsibilities of Directors and Audit & Supervisory Board	●	<ul style="list-style-type: none"> <li>AGC Group Corporate Governance Basic Policy : "Article 11 (Directors)" and "Article 13 (Audit &amp; Supervisory Board Members)" in "Chapter 3 Corporate Governance Structure"</li> </ul>
	4-6. Business Execution and Oversight of the Management	●	<ul style="list-style-type: none"> <li>AGC Group Corporate Governance Basic Policy : "Article 10 (Operation of Board of Directors) 1" in "Chapter 3 Corporate Governance Structure"</li> </ul>
	4-7. Roles and Responsibilities of Independent Directors	●	<ul style="list-style-type: none"> <li>"Relation with the Company (2)" in "1.Items Concerning Institutional Structure, Organizational Operation, etc." in "II.Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters" in the report</li> <li>AGC Group Corporate Governance Basic Policy : "Article 12 (Outside Directors)" in "Chapter 3 Corporate Governance Structure"</li> </ul>
	4-8. Effective Use of Independent Directors	●	<ul style="list-style-type: none"> <li>"Principle 4.8 Effective Use of Independent Outside Directors" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>
	4-8①	●	<ul style="list-style-type: none"> <li>AGC Group Corporate Governance Basic Policy : "Article 12 (Outside Directors) 3" in "Chapter 3 Corporate Governance Structure"</li> </ul>
	4-8②	●	<ul style="list-style-type: none"> <li>"1.Oversight structure and implementation of measures " in "2.Items Concerning Functions such as Execution of Duties, Audit and Supervision, Designation, and Remuneration Determination" in "II.Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters" in the report</li> </ul>

	4-8③	•	• "Principle 4.8 Effective Use of Independent Outside Directors" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report
4-9. Independence Standards and Qualifications for Independent Directors		•	• "Principle 4.9 Independence Standards for Independent Directors" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report
4-10. Use of Optional Approach		•	• AGC Group Corporate Governance Basic Policy : "Article 7 (Basic Concepts)" in "Chapter 3 Corporate Governance Structure"
	4-10①	•	• "Supplementary Principle 4.10.1 Effective Use of Independent Outside Directors" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report
4-11. Preconditions for Board and Audit & Supervisory Board Effectiveness		•	• AGC Group Corporate Governance Basic Policy : "Article 8 (Structure of Board of Directors)" and "Article 16 (Policy and Procedures for Deciding Candidates for Directors and Audit & Supervisory Board Members and Appointing and Dismissing Executive Officers)" in "Chapter 3 Corporate Governance Structure"
	4-11①	•	• "Supplementary Principle 4.11.1 View on the constitution, diversity and size of the Board of Directors" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report
	4-11②	•	• "Supplementary Principle 4.11.2 Directors' and Audit & Supervisory Board members' concurrent positions" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report
	4-11③	•	• "Supplementary Principle 4.11.3 Overview of the results of the evaluation of effectiveness of Board of Directors" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report
4-12. Active Board Deliberations		•	• AGC Group Corporate Governance Basic Policy : "Article 11(Directors)" in "Chapter 3 Corporate Governance Structure"
	4-12①	•	• AGC Group Corporate Governance Basic Policy : "Article 10(Operation of Board of Directors)" in "Chapter 3 Corporate Governance Structure"
4-13. Active Board Deliberations		•	• AGC Group Corporate Governance Basic Policy : "Article 20 (Information Provision to Directors and Audit & Supervisory Board Members)" in "Chapter 3 Corporate Governance Structure"

		4-13①	•	<ul style="list-style-type: none"> <li>• "The Support System Provided for Outside Directors and Outside Audit &amp; Supervisory Board members" in "1.Items Concerning Institutional Structure, Organizational Operation, etc." in "II.Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters" in the report</li> <li>• "1.Basic policy about the internal control system (6)" in "IV.Basic Policy Concerning Internal Control System and Overview of their Implementation"</li> </ul>
		4-13②	•	The Company complies the code.
		4-13③	•	<ul style="list-style-type: none"> <li>• "1.Basic policy about the internal control system (1),(5)" in "IV.Basic Policy Concerning Internal Control System and Overview of their Implementation"</li> </ul>
	4-14. Director and Audit & Supervisory Board Members Training		•	<ul style="list-style-type: none"> <li>• Supplementary Principle 4.14.2 Training policy for Directors and Audit &amp; Supervisory Board members" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>
		4-14①	•	<ul style="list-style-type: none"> <li>• Supplementary Principle 4.14.2 Training policy for Directors and Audit &amp; Supervisory Board members" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>
		4-14②	•	<ul style="list-style-type: none"> <li>• Supplementary Principle 4.14.2 Training policy for Directors and Audit &amp; Supervisory Board members" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>
Section 5 Dialogue with Shareholders	5-1. Audit & Supervisory Board Members		•	<ul style="list-style-type: none"> <li>• "Principle 5.1 Policy on Dialogue with Shareholders" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>
		5-1①	•	<ul style="list-style-type: none"> <li>• "Principle 5.1 Policy on Dialogue with Shareholders 1)" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>
		5-1②	•	<ul style="list-style-type: none"> <li>• "Principle 5.1 Policy on Dialogue with Shareholders 2),3),5),6)" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>
		5-1③	•	<ul style="list-style-type: none"> <li>• "Principle 5.1 Policy on Dialogue with Shareholders 4)" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>
	5-2. Audit & Supervisory Board Members		•	<p>Progress of the AGC Group Medium-term Management Plan“AGC plus-2023” :</p> <p><a href="https://www.agc.com/en/ir/library/briefing/pdf/2022_0208e_2.pdf">https://www.agc.com/en/ir/library/briefing/pdf/2022_0208e_2.pdf</a> Toward the Realization of Vision 2030 :</p> <p><a href="https://www.agc.com/en/ir/library/briefing/pdf/2022_0208e_3.pdf">https://www.agc.com/en/ir/library/briefing/pdf/2022_0208e_3.pdf</a></p>
	5-2①	•	<ul style="list-style-type: none"> <li>• "5.2.1 Disclosure of management strategy, etc. ( i )" in 【Disclosure Based on the Principles of the Corporate Governance Code】 in the report</li> </ul>	