

February 5, 2021

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## Notice Regarding continuation of a Stock Compensation Plan for Directors, etc. of the Company

AGC Inc. (“the Company”) reached the decision at its meeting of the Board of Directors on February 5, 2021, to continue the stock compensation plan (hereinafter referred to as “the Plan”) for its Directors and Executive Officers (excluding non-residents of Japan; hereinafter referred to as “Directors, etc.”), which was introduced upon the approval at the 93rd Ordinary General Meeting of Shareholders held on March 2018. The details are described below.

### 1. Continuation of the Plan

- (1) The Company determined at its meeting of the Board of Directors on February 5, 2021, to continue the Plan, which was introduced upon the approval at the 93rd Ordinary General Meeting of Shareholders held on March 2018.

The purpose of the Plan is to enhance the link between the compensation of Directors, etc. and the AGC Group’s operating performance and the Company’s share price. The Plan is designated to increase the motivation of Directors, etc. to contribute to the medium- to long-term improvement of corporate value of the AGC Group, and to promote sharing of interests with shareholders. In addition, the Plan is designed to increase the motivation of Directors, etc. toward achieving the performance targets set out in the medium-term management plan **“AGC plus-2023”**. The Company has established the Compensation Committee as a voluntary advisory committee of the Board of Directors, which is chaired by an Outside Director and whose majority members are Outside Directors to ensure the objectivity and transparency of the determination process regarding compensation. The Continuation of the Plan was deliberated on at the Compensation Committee.

- (2) The Plan is a stock-based compensation plan that uses a structure called the Board Incentive Plan Trust (hereinafter referred to as the “BIP Trust”). The BIP Trust is a plan similar to the Performance Share and Restricted Stock in Europe and the U.S. wherein the shares of the Company and the amount of money equivalent to the converted value of the Company’s shares (hereinafter referred to as the “Company’s Shares, etc.”) will be delivered and provided (hereinafter referred to as the “Delivery, etc.” or “delivered, etc.”) to Directors, etc. in accordance with their positions and the level of achievement of performance targets in the medium-term management plan and other factors.

(3) Compensation based on the Plan consists of the following components:

Components	Outline	Eligible Persons
Performance-linked component	The Company's Shares, etc. will be delivered, etc. to Directors, etc. in accordance with their positions and weighted average of the level of achievement, etc. of performance targets for each fiscal year in the medium-term management plan.	<ul style="list-style-type: none"> <li>Directors who serve concurrently as Executive Officers; and Executive Officers</li> </ul>
Fixed component	A certain number of the Company's Shares, etc. will be delivered, etc. to Directors, etc. in accordance with their positions.	<ul style="list-style-type: none"> <li>Directors who serve concurrently as Executive Officers; and Executive Officers</li> <li>Directors who do not serve concurrently as Executive Officers (including Outside Directors)</li> </ul>

\*In continuing the Plan, the performance evaluation method has been changed to evaluate the weighted average of the level of achievement, etc. of performance targets for each fiscal year, with the aim of further increasing the motivation of Directors, etc. to contribute to the enhancement of corporate value and promoting the steady implementation of the medium-term management plan. The weighted average of the level of achievement, etc. of performance targets for each fiscal year during the medium-term management plan starting with the fiscal year ending December 31, 2021 will be calculated by evaluating each fiscal year at a ratio of 25:25:50.

2.The composition of compensation of Directors, etc.

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

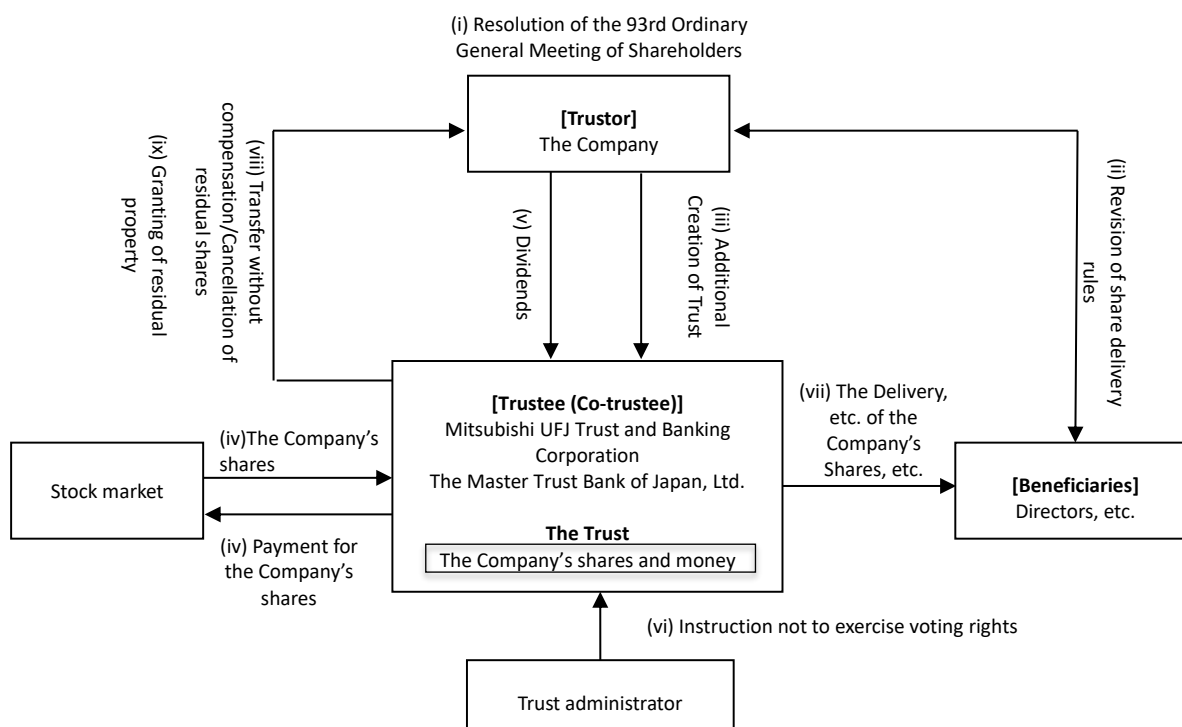
Composition of compensation Eligible persons	Fixed compensation	Variable compensation		
	Monthly compensation	Bonuses	Stock compensation	
			Performance-linked component	Fixed component
Directors who serve concurrently as Executive Officers; and Executive Officers	✓	✓	✓	✓
Directors who do not serve concurrently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

The scope of the Plan

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

Job position	Monthly compensation	Bonuses	Stock compensation
Director President	40	: 30	: 30
Directors who also serve as Executive Officers (Excluding Director President)	50	: 25	: 25
Directors who do not serve as Executive Officers (Directors who do not serve as Executive Officers)	60	: 0	: 40
Outside Directors	90	: 0	: 10

### 3. Structure of BIP Trust



- (i) The Company obtained approval for compensation for Directors, etc. regarding the introduction of the Plan at the 93rd Ordinary General Meeting of Shareholders and has resolved at a meeting of the Board of Directors regarding the continuation of the Plan.
- (ii) The Company has revised the share delivery rules as the compensation rules regarding the Plan at a meeting of the Board of Directors.
- (iii) The Company will entrust money within the upper limit approved by the 93rd Ordinary General Meeting of Shareholders as referred to in (i) and extend the period of a trust (hereinafter referred to as the “Trust”) wherein Directors, etc. who meet the beneficiary requirements will be Beneficiaries (The upper limit of the amount of trust money for the period of the Trust (covering three fiscal years) will be 1.5 billion yen. Of the amount of trust money, the upper limit of the total amount of trust money used to acquire the Company’s shares to be delivered to Outside Directors will be 25 million yen for each covered period.); provided, however, where there are any of the Company’s shares and money remaining in the trust property (hereinafter referred to as “Residual Shares, etc.”) as of the last day of the period of the Trust prior to the extension, the sum of the amount of Residual Shares, etc. and additional trust money to be contributed will be within the upper limit of trust money for which approval by resolution of the 93rd Ordinary General Meeting of Shareholders has been obtained.
- (iv) The Trust will acquire the Company’s shares from the stock market using money entrusted as referred to in (iii) and money remaining in the trust property as of the last day of the Period of the Trust prior to the extension in accordance with instructions of the Trust administrator. The number of shares to be acquired by the Trust will be within the upper limit as approved at the 93rd Ordinary General Meeting of Shareholders as referred to in (i) (The upper limit of the number of the Company’s shares for each covered period (covering three fiscal years) will be 372,000 shares. Of this, the upper limit of the number of the Company’s shares to be delivered to Outside Directors will be 6,000 shares for each covered period.); provided, however, where there are any of the Company’s shares remaining in the trust property as of the last day of the period of the Trust prior to the extension, the sum of the amount of the residual shares remaining in the trust property and additional shares to be acquired by the Trust will be within the upper limit of the number of the Company’s shares for which approval by resolution of the 93rd Ordinary General Meeting of Shareholders has been obtained.
- (v) Dividends on the Company’s shares under the Trust will be paid in the same manner as for other Company’s shares.

- (vi) Voting rights for the Company's shares under the Trust will not be exercised throughout the Trust period.
- (vii) During the Trust period, Beneficiaries will receive the Company's shares (shares constituting less than one share unit will be disregarded), in accordance with the Company's share delivery rules, equivalent to 50% of points after the points have been granted. Meanwhile, the Company's shares in the number equivalent to the remaining points will be converted into cash under the Trust and Beneficiaries will receive money equivalent to the converted value in accordance with the Trust Agreement.
- (viii) Residual shares that arise at the expiry of the Trust period will be subject to the Delivery, etc. to Directors, etc. if the Trust continues to be used for the Plan or similar stock compensation plan. If the Trust is terminated due to expiry of the Trust period, the Trust will transfer the said residual shares to the Company without compensation, and the Company will cancel the said residual shares by resolution of the Board of Directors.
- (iv) Any residual dividends with respect to the Company's shares under the Trust that arise at the expiry of the Trust period will be utilized as funds to acquire the Company's shares in the case where the Trust will continue to be used, but in cases where the Trust is terminated at the expiry of the Trust period, the portion exceeding the reserves for trust expenses will be donated to organizations that have no interest with the Company and Directors, etc.

\* In the case where the number of shares under the Trust might fall short of the number of shares corresponding to the number of points to be granted to Directors, etc. during the Trust period, or in the case where the money in the trust property might be insufficient to pay trust fees and trust expenses, the Company may entrust additional money to the Trust to the extent of the upper limit of trust money approved by the 93rd Ordinary General Meeting of Shareholders.

(For reference)

[Details of Trust Agreement]

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|---|---|
| (i) Type of Trust:                              | Monetary trust other than a specified solely-administered monetary trust (Third party benefit trust)  |
| (ii) Purpose of Trust:                          | Introduction of stock compensation plan for Directors, etc.   |
| (iii) Trustor:                                  | The Company   |
| (iv) Trustee:                                   | Mitsubishi UFJ Trust and Banking Corporation<br>(Co-trustee: The Master Trust Bank of Japan, Ltd.)  |
| (v) Beneficiaries:                              | Directors, etc. who meet the beneficiary requirements   |
| (vi) Trust administrator:                       | A third person who has no interest with the Company (Certified Public Accountant)   |
| (vii) Date of Trust Agreement:                  | May 9, 2018   |
| (viii) Trust Period:                            | From May 9, 2018 to May 31, 2021<br>(The Trust Period will be scheduled to be extended until May 31, 2024 by modifying the Trust Agreement dated May 10, 2021(scheduled).)  |
| (ix) Start date of the Plan:                    | May 9, 2018   |
| (x) Exercise of Voting rights:                  | No voting rights will be exercised.   |
| (xi) Type of shares to be acquired:             | Common stock of shares of the Company   |
| (xii) Upper limit of the amount of trust money: | 1.5 billion yen (including trust fees and trust expenses)   |
| (xiii) Timing of share acquisition:             | From May 12, 2021 (scheduled) to May 31, 2021 (scheduled)<br>(excluding the period from five business days before the end of each fiscal period (including the quarterly fiscal period) to the end of the fiscal period)          |
| (xiv) Method of share acquisition:              | To be acquired from the stock market  |
| (xv) Rights holder:                             | The Company   |
| (xvi) Residual property:                        | The residual property that the Company, as the rights holder, may receive will be within the extent of reserves for trust expenses, which are calculated by deducting funds to acquire the Company's shares from the trust money. |