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Notice Regarding Revision of Upper Limits on Contribution Amount and Number of Shares in the Stock Compensation Plan for Directors, etc.

AGC Inc. ("the Company") reached the decision at its meeting of the Board of Directors held today to submit a proposal to the 97th Ordinary General Meeting of Shareholders (hereinafter referred to as "the AGM") to be held on March 30, 2022 to revise the upper limits on the contribution amount and number of shares to be delivered under 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.") that it has introduced since fiscal 2018.

This revision is made in response to the fact that the Company's business performance and share price level have exceeded expectations, etc., and does not change the policy for determining remuneration, etc., for executives, or the content of the Plan, except for the upper limits on the contribution amount and the number of shares to be delivered, etc.

1. Details and background of revisions to the Plan

- (1) Under its management policy **AGC plus 2.0**, the AGC Group has formulated Vision 2030, aiming to become a highly profitable global manufacturer of high-quality materials. Last fiscal year, the Company formulated its medium-term management plan, **AGC plus-2023**, covering the three-year period from 2021 to 2023 to achieve this goal, and is continuing the Plan for the same period. 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 aims 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**.
- (2) This revision is to make the following changes to the upper limits on contribution amount and number of shares to be delivered, etc. under the Plan, which was approved at the 93rd Ordinary General Meeting of Shareholders (held on March 29, 2018).

	Before revision	After revision
Upper limit on contributions to Trust	<ul style="list-style-type: none"> • <u>1.5 billion yen</u> in total for each covered period (of which, Outside Directors account for 25 million yen) (Note) Trust money include funds for the acquisition of shares by the Trust during the trust period, as well as trust fees and Trust expenses.	<ul style="list-style-type: none"> • <u>2.25 billion yen</u> in total for each covered period (of which, Outside Directors account for 25 million yen) (Note) Trust money include funds for the acquisition of shares by the Trust during the trust period, as well as trust fees and trust expenses.
Upper limit of shares of the Company to be delivered, etc. to Directors, etc. (including shares subject to conversion to cash)	<ul style="list-style-type: none"> • <u>372,000 shares</u> in total for each covered period (of which Outside Directors account for 6,000 shares) • Average of <u>124,000 shares</u> per fiscal year 	<ul style="list-style-type: none"> • <u>495,000 shares</u> in total for each covered period (of which Outside Directors account for 6,000 shares) • Average of <u>165,000 shares</u> per fiscal year

(Note) With respect to the current covered period, after the approval of this revision at the AGM, the

Company plans to make an additional contribution of trust money up to the difference between the said upper limit and the amount of trust money already contributed, and to additionally acquire the Company's shares from the stock market using the said additional contribution as the source of funds.

- (3) At the time of the continuation of this Plan in the last fiscal year, taking into account the uncertain future business outlook and other factors, the Company decided to acquire additional shares of the Company within the upper limit amount of money to be contributed by the Company and the upper limit number of shares to be delivered, etc., as approved at the 93rd Ordinary General Meeting of Shareholders (held on March 29, 2018), and did not revise the relevant upper limits.

In light of the greater possibility of an increase in the number of the Company's shares required for delivery, etc. due to the growth of the Company's earnings, the increase in the number of Executive Officers eligible for the Plan^{*1}, and the fact that we have not been able to secure a sufficient number of shares due to the rise of the Company's share price after the continuation of this Plan, it became necessary to revise the upper limits on amount of money to be contributed by the Company and the number of shares to be delivered, etc. for the contribution of additional trust money.

In addition, the upper limit on money to be newly set is based on the reasonable amount required for the acquisition of additional shares.

^{*1} Number of Directors and Executive Officers eligible for the Plan: 25 in 2018 and 31 in 2022

- (4) 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 revision of the Plan was deliberated on at the Compensation Committee.

2. Details of the Plan

- (1) 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. An outline of this Plan is as follows.

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"> Directors who serve concurrently as Executive Officers; and Executive Officers
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"> Directors who serve concurrently as Executive Officers; and Executive Officers Directors who do not serve concurrently as Executive Officers (including Outside Directors)

* The weighted average of the level of achievement, etc. of performance targets for each fiscal year during the medium-term management plan starting with the fiscal year ended 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.

Eligible persons	Fixed compensation		Variable compensation	
	Monthly compensation	Bonuses	Stock compensation	
			Performance-linked component	Fixed component
Directors who serve concurrently as Executive Officers	●	●	●	●
Directors who do not serve concurrently as Executive Officers (including Outside Directors)	●	—	—	●

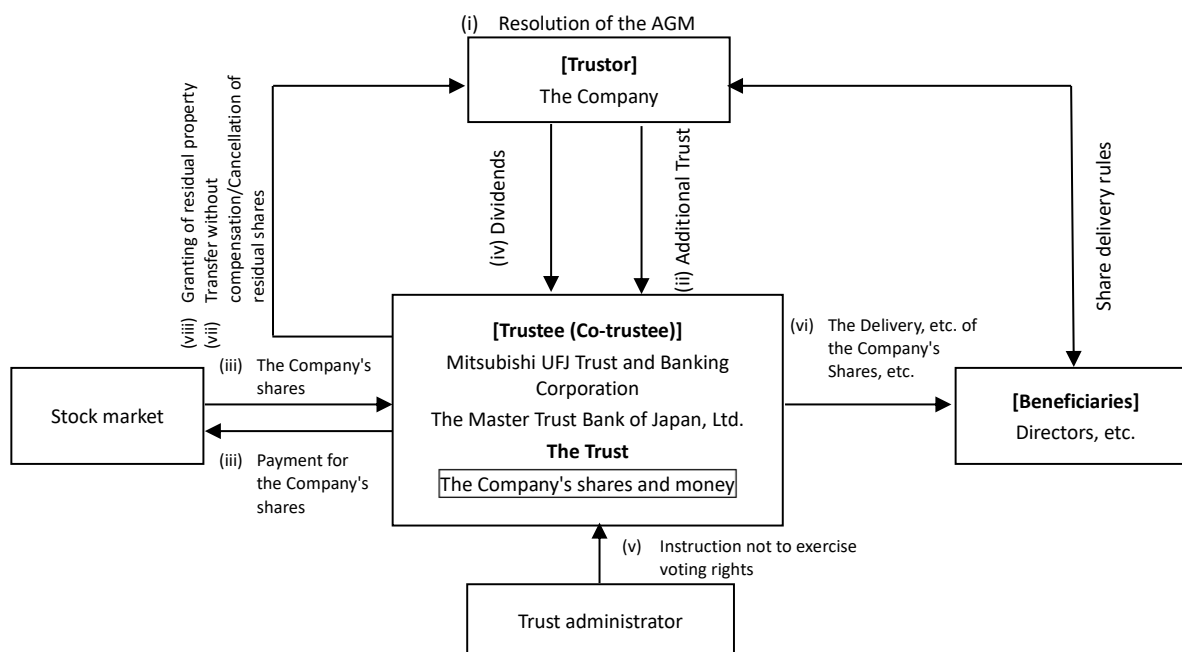
The scope of the Plan

- * 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.

Composition of compensation	Monthly compensation	Bonuses	Stock compensation
Director President and CEO	40 : 30 : 30		
Directors who serve concurrently as Executive Officers (Excluding President and CEO)	50 : 25 : 25		
Directors who do not serve concurrently as Executive Officers (Chairman of the Board)	60 : 0 : 40		
Outside Directors	90 : 0 : 10		

Separate from the Plan, the amount of remuneration, etc. for monthly remuneration and bonuses was approved at the 82nd Ordinary General Meeting of Shareholders (held on March 29, 2007) and the 86th Ordinary General Meeting of Shareholders (held on March 30, 2011) as 500 million yen or less per year (including 65 million yen or less per year for Outside Directors). In light of the recent rise in the level of remuneration for executives and the growth of the Company's business performance, the Company plans to propose at the 97th Ordinary General Meeting of Shareholders (to be held on March 30, 2022) to revise the amount of remuneration, etc. to 750 million yen or less per year (including 67 million yen or less per year for Outside Directors).

(3) Structure of BIP Trust



- (i) The Company will obtain approval for this revision at the AGM. The Company has revised the share delivery rules as the compensation rules regarding the Plan at a meeting of the Board of Directors.
- (ii) The Company will additionally entrust money up to the difference between the upper limit money to be contributed to the trust by the Company as approved at the AGM and the amount of trust money already contributed.
- (iii) In accordance with the instructions of the trust administrator, the Trust will acquire the Company's shares from the stock market using the money additionally entrusted in (ii) as the source of funds. The number of shares to be acquired by the Trust will be within the upper limit as approved at the AGM (495,000 shares in total during the covered period (covering three fiscal years), of which 6,000 shares in total will be for Outside Directors).
- (iv) Dividends on the Company's shares under the Trust will be paid in the same manner as for other Company's shares.
- (v) Voting rights for the Company's shares under the Trust will not be exercised throughout the trust period.
- (vi) During the trust period, beneficiaries will receive the Company's shares (shares constituting less than one share unit will be disregarded), in accordance with the Company's share delivery rules, equivalent to 50% of points after the points have been granted. Meanwhile, the Company's shares in the number equivalent to the remaining points will be converted into cash under the trust and beneficiaries will receive money equivalent to the converted value in accordance with the trust agreement.
- (vii) Residual shares that arise at the expiry of the trust period will be subject to the Delivery, etc. to Directors, etc. if the Trust continues to be used for the Plan or similar stock compensation plan. If the Trust is terminated due to expiry of the trust period, the Trust will transfer the said residual shares to the Company without compensation, and the Company will cancel the said residual shares by resolution of the Board of Directors.
- (viii) Any residual dividends with respect to the Company's shares under the Trust that arise at the expiry of the trust period will be utilized as funds to acquire the Company's shares in the case where the Trust will continue to be used, but in cases where the Trust is terminated at the expiry of the trust period, the portion exceeding the reserves for trust expenses will be donated to organizations that have no interest with the Company and Directors, etc.

* In the case where the number of shares under the Trust might fall short of the number of shares corresponding to the number of points to be granted to Directors, etc. during the trust period, or in the case where the money in the trust property might be insufficient to pay trust fees and trust expenses, the Company may entrust additional money to the Trust to the extent of the upper limit of trust money outlined in 1 (2) above.

(For reference)

[Details of the Trust Agreement]

(i) Type of Trust:	Monetary Trust other than a specified solely-administered monetary Trust (Third party benefit Trust)
(ii) Purpose of Trust:	Introduction of stock compensation plan for Directors, etc.
(iii) Trustor:	The Company
(iv) Trustee:	Mitsubishi UFJ Trust and Banking Corporation (scheduled) (Co-trustee: The Master Trust Bank of Japan, Ltd.)
(v) Beneficiaries:	Directors, etc. who meet the beneficiary requirements
(vi) Trust administrator:	A third person who has no interest with the Company (Certified Public Accountant)
(vii) Date of Trust agreement:	May 9, 2018
(viii) Trust period:	From May 9, 2018 to May 31, 2024
(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) Amount of Trust money:	2.25 billion yen (scheduled) (including Trust fees and Trust expenses)
(xiii) Timing of share acquisition:	From May 16, 2022 (scheduled) to May 31, 2022 (scheduled) (excluding the period from five business days before the end of each fiscal period (including the quarterly fiscal period) to the end of the fiscal period)
(xiv) Method of share acquisition:	To be acquired from the stock market
(xv) Rights holder:	The Company
(xvi) Residual property:	The residual property that the Company, as the rights holder, may receive will be within the extent of reserves for Trust expenses, which are calculated by deducting funds to acquire the Company's shares from the Trust money.