

## **TERMS OF REFERENCE OF COMPENSATION COMMITTEE**

### **Article1. (Purpose)**

1. The purpose of the Compensation Committee is to contribute to the establishment and continuance of the transparency and fairness of management system and compensation system of the Nippon Sheet Glass Group of Companies (hereinafter in this translation referred to as the "NSG Group") through its activities.
2. Matters regarding the Compensation Committee shall be in accordance with these Terms as well as the applicable laws and ordinances and the Articles of Incorporation, and also conform to the NSG Group Corporate Governance Guidelines and the Fundamental Policy on Internal Control System of the Group.

### **Article2. (Composition)**

1. The Compensation Committee shall consist of the Directors elected by a resolution adopted at the meeting of the Board of Directors (hereinafter referred to as the "Members" collectively and "Member" individually). The number of the Members shall be no less than three (3); provided, however, that a majority of the Members shall be external Directors. If a Director who is also an Executive Officer is elected a Member, such Member must only be the Director who concurrently serves as Executive President, in principle, unless otherwise determined by the Board of Directors.
2. The Chair of the Compensation Committee shall be elected by a resolution adopted at the meeting of the Board of Directors.

### **Article3. (Attendance of Non-Members)**

The Compensation Committee may invite or cause any of the Directors, Corporate Officers ("Shikko-Yakuin"), or employees, external advisors or other individuals (including those working as secretariat and in-house legal advisers) who are in charge of or are supporting, the relevant agenda to attend the meeting of the Compensation Committee, as necessary, to hear their explanations, reports or opinions.

### **Article4. (Meetings: Regular Meeting and Extraordinary Meeting)**

1. The Compensation Committee shall meet on a regular basis no less than three

- times annually and may hold its extraordinary meetings as necessary.
2. The Committee may alter any particular date or time of the meeting of the Committee with the consent of a majority of Members.
  3. The meeting of the Compensation Committee may be held at a single place of the head office of the company or other premises, or at more than one place through the use of video call, telephone conference or other media.

#### **Article5. (Convocation Procedure)**

1. A meeting of the Compensation Committee shall be convened by the chairperson as defined in Article 7.
2. Each Member may demand the Member who acts as the chairperson to convene a meeting of the Compensation Committee.
3. Notwithstanding the first Paragraph of this Article and the first Paragraph of Article 7, in the event that the Member who acts as the chairperson does not convene a meeting of the Compensation Committee, the Member who made such demand may convene and preside over the meeting in the capacity of the chairperson.
4. The notice of convocation of the meeting of the Compensation Committee shall be issued by the Member who acts as the chairperson to each of the other Members two (2) business days prior to the date of the meeting; provided, however, that this period may be shortened or the convocation procedure may be skipped, in either case in the event of need of emergency or with the unanimous consent of the Members.
5. Notwithstanding the foregoing, such notice of convocation may be forwarded by the secretariat at the request of any Member requiring the meeting to be held.

#### **Article6. (Agenda)**

The notice of convocation set forth in the preceding Article shall be so forwarded to each Member by describing the venue, time and date together with the agenda of items to be discussed, except in cases where there is any unavoidable cause or all the Members otherwise agree.

#### **Article7. (Chairperson)**

1. The Chair of the Compensation Committee shall act as the chairperson and preside over the meeting; provided, however, that if the Chair is prevented

from so doing, other Member shall take his/her place in the order designated by the Compensation Committee.

2. Without prejudice to the generality of the preceding Paragraph, if any matter relating to any particular Member who serves as the chairperson of the meeting is the purpose of the meeting, other Member shall take his/her place for deliberation of that matter as if the chairperson had been prevented from so doing.

#### **Article8. (Duties and Responsibilities, and Method of Resolution)**

1. The Compensation Committee shall, in accordance with the laws and regulations of Corporations and the Group Corporate Governance Guidelines, determine the following matters:
  - (i) Establishment of a policy on compensation and other perquisites payable to the Directors and Executive Officers of the Company; and
  - (ii) Individual compensation and other perquisites payable to the Directors and Executive Officers of the Company (including, (x) compensation and other perquisites payable to an Executive Officer as an employee if he or she concurrently serves as an employee, (y) any material employment terms regarding compensation if any and (z) compensation and other perquisites payable to a Director or an Executive Officer if he or she also receives those from any subsidiary of the Company).
2. In making the determination under Item (ii) of the preceding Paragraph, the Compensation Committee shall determine the following matters under each of the categories set forth below:
  - (i) Fixed compensation and other benefits: Amount by person
  - (ii) Unfixed compensation and other benefits: Details of calculation method by person
  - (iii) Non-cash remuneration: Details by person.
3. In addition to Paragraph 1, the Compensation Committee may have discussions about appropriate remuneration policy for, and amounts of compensation to (including with regard to annual salary, annual and long-term incentive policy, performance-linked conditions and pay for the incentives, and any other pay and material employment terms with regard to compensation) (i) the Corporate Officers of the Company requiring the decision of the Board for such appointment or dismissal and (ii) such Executive Management Members of the Group ("EMM") as may be designated

by the Committee but from among those other than Directors or Executive Officers AND may give recommendations or advice on those matters to the Executive President.<sup>1</sup>

4. The Committee shall, when any standard form of services or employment contract (including in terms of residual terms surviving any termination) is created for the EMM including the Executive Officers or individual services or employment contract has been entered into between a certain Group company and the EMM so designated by the Committee, receive explanations from the Executive President of the summary thereof and its main terms (including with no limitation those remuneration elements such as basic salary, incentive terms, fringe benefits or pension contributions), which process shall be taken in case of any material amendment or cancellation of any such contract (provided always that no duplicate or additional reporting is required when similar explanation has been already provided or due to be so provided for the Board or has been otherwise made available to all members of the Committee.
5. A resolution of the Compensation Committee shall be adopted by a majority of the Members present at the meeting in which a majority of the Members are present; provided, however that a member who has a special interest in the proposal shall not participate in the voting on such resolution, in which case such Member shall not be counted into the number of the Members present. In particular, no Member (or manager invited as attendees for any of the meetings) shall be involved in any decision or discussion therefore as to his or her own remuneration, except only where such Member expresses his or her opinion in response to specific request if any from the Compensation Committee asking for the same.
6. The Compensation Committee may request any of the Directors, Executive Officers or employees (but through appropriate Executive Officer) of the Company to make reports on, or give explanations about, information which it deems necessary or appropriate in performing its duties and responsibilities.

#### **Article9. (Reports to the Board of Directors)**

1. The Compensation Committee shall, by its resolution, designate the Members who:

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<sup>1</sup> Note: EMM to be defined by the Policy and Procedure on Appointment of Executive Management)

- (i) will report to the Board of Directors of the Company as to the status of its execution of duties (hereinafter referred to as "Reporting Member"); and
  - (ii) will convene the meeting of the Board of Directors to be held.
2. The Reporting Member shall make reports on the status of execution by the Compensation Committee of their duties and responsibilities without delay.

#### **Article10. (Minutes)**

1. The summary of the proceedings and results of the meeting of the Compensation Committee along with other items prescribed by laws and regulations shall be recorded in the minutes, which shall bear the signatures or seals of the Members present.
2. The Minutes may be recorded by electronic means as prescribed by law, in which case the signatures of the Members present shall be inserted by electronic means.
3. The Directors shall have the right to inspect or reproduce the minutes of the meeting of the Compensation Committee.

#### **Article11. (Notice to Absentee)**

A copy of the summary of the proceedings of the meeting of the Compensation Committee shall be sent to the Member who is absent from the relevant meeting of the Compensation Committee.

#### **Article12. (Secretariat and In-house Legal Adviser)**

1. The Human Resources Department (HRD) shall serve as the secretariat of the Compensation Committee that will organize and coordinate matters to be brought before the meeting of, or reported to, the Compensation Committee, and necessary information and materials for submission to the Compensation, and prepare and retain the minutes.
2. The Group Director of HRD or such other member of HRD as the Compensation Committee approves of appointment based on recommendation of the Group Director of HRD shall serve as the chief of the secretariat of the Compensation Committee who will assist the proceedings and administration of the Compensation Committee, prepare the minutes, and record the summaries of matters determined at the meetings of the Compensation Committee.
3. Unless otherwise instructed by the Compensation Committee, the Head of

Legal and Company Secretarial Department (“L&CSD”) and such other member of L&CSD as the Committee approves of appointment based on recommendation of the Head of L&CSD shall assist the Compensation Committee in discharging its responsibilities as in-house legal adviser for any legal aspects or matters.

**Article13. (Computerization of Documents)**

Convocation notice and other documents set forth in these Terms may be given by e-mail or other media in place of written notices.

**Article14. (Amendments to These Terms)**

Amendments to these Terms shall be subject to a resolution of the Compensation Committee, provided that any material amendments shall also require the approval of the Board of Directors.

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Supplementary Provisions (established as at 27 June 2008)

These terms of reference shall come into effect as from 27 June 2008.

(Revised as at 30<sup>th</sup> October 2008)

(Revised as at 26<sup>th</sup> September 2013)

(Revised as at 1<sup>st</sup> October 2015)

(Revised as at 6<sup>th</sup> December 2018)