

## Terms of Reference of the Audit Committee

### **Article 1. (Purpose)**

1. The purpose of the Audit Committee is to contribute to the lawful, appropriate and efficient management of business operations 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 Audit 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.
3. Audit by the Audit Committee shall conform to "Audit Committee Auditing Standards" as defined and amended from time to time by Japan Audit & Supervisory Board Members Association to the extent that such "Standards" is not inconsistent with any concept and provision of the NSG Group Corporate Governance Guidelines, the Fundamental Policy on Internal Control System of the Group and these Terms.

### **Article 2. (Composition)**

1. The Audit 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, and further that any person who concurrently serves as an Executive Officer, Executive Directors, or employee of the Company or any of its subsidiaries shall not be qualified to be a Member of the Audit Committee
2. The Chair of the Audit Committee shall be elected by a resolution adopted at the meeting of the Board of Directors.

### **Article 3. (Attendance of Non-Members)**

The Audit Committee may invite or cause any of the Directors, Executive Officers or employees (but through the appropriate Executive Officer), Accounting Auditor, external advisors or other individuals who are in charge of or are supporting, the relevant agenda to attend the meeting of the Audit Committee, as necessary, to hear their explanations, reports or opinions.

**Article 4. (Meetings: Regular Meeting and Extraordinary Meeting)**

1. The Audit Committee shall meet on a regular basis at least once every three (3) months and may hold its extraordinary meetings as necessary.
2. The Committee may alter any particular predetermined date or time of the meeting of the Committee with the consent of a majority of Members.
3. The meeting of the Audit Committee may be held at a single place such as 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.

**Article 5. (Convocation Procedure)**

1. A meeting of the Audit 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 Audit 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 Audit 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 Audit Committee shall be issued by the Member who acts as the chairperson to each of the 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 convened.

**Article 6. (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.

**Article 7. (Chairperson)**

1. The Chair of the Audit 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 Audit 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.

**Article 8. (Duties and Responsibilities, and Method of Resolution)**

1. The Audit Committee shall perform the following duties and responsibilities.
  - (i) Auditing how Executive Officers and Directors perform or have performed their duties;
  - (ii) Auditing the financial statements, the business report and supplementary schedules thereof and preparation of the audit report;
  - (iii) Making decisions on the matters including the following:-; and
    - a) Basic audit policy and audit implementation plan;
    - b) Allocation of duties among the Members;
    - c) Policy on dismissal or non-reappointment of the Accounting Auditor;
    - d) Reasonableness of reappointment of the Accounting Auditor;
    - e) Proposal for dismissal or non-reappointment of the Accounting Auditor to be submitted to the general meeting of shareholders for ratification;
    - f) Proposal for appointment of the Accounting Auditor to be submitted to the general meeting of shareholders for ratification;
    - g) Election of person who is to temporarily take the duties of Accounting Auditor in the absence thereof;
    - h) The annual audit plan of the Accounting Auditor (including key audit items and staff allocation); and
    - i) Other matters regarding the performance by the Members of their duties and responsibilities.
  - (iv) Representing its opinion thereon in the event that share offering is taken place resulting in change of control, which shall be notified to shareholders.
2. The consent of Audit Committee is required for the Company to decide on matters regarding fees and other charges payable to the Accounting Auditor.
3. The consent of Audit Committee is required for the Company to decide on matters regarding the audit policy and plan prepared by Group Internal Audit and whenever the Audit Committee deems necessary the Audit Committee shall have the rights to issue specific instructions to Group Internal Audit on their audits.
4. Any appointment and dismissal of the Head of the Internal Audit Function, shall require the prior consent of the Audit Committee even if the person appointed to the relevant position is not an Executive Officer.
5. A resolution of the Audit 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.

**Article 9. (Report to the Committee)**

1. Each Member shall make reports to the Audit Committee on the method, progress and results of audit conducted by him/her.
2. When a Member receives any important report, opinion or material from any of the Directors, Executive Officers, Accounting Auditor, or other person, he/she shall make reports thereon to the Audit Committee.
3. If a Director or an Executive Officer detects any fact which may cause any material damage to the Company, he/she shall immediately inform the Members of the Audit Committee of such fact.

**Article 10. (Responses against Illegal Acts)**

1. If a Member determines that any of the Directors or Executive Officers has committed, or might have committed, any fraudulent act, or identifies any fact which constitutes a breach of the applicable laws or the Articles of Incorporation, or any substantially unjust fact, such Member shall inform the Board of Directors thereof without delay.
2. If a Member becomes aware that any of the Directors or Executive Officers has committed or, might have committed, any conduct beyond the scope of the purposes of the Company or any other conduct which constitutes a breach of the applicable laws or the Articles of Incorporation, and believes that such conduct may cause any material damage to the Company, such Member may demand such Director or Executive Officer to stop doing such conduct.

**Article 11. (Authorities of the Members of the Audit Committee to Conduct Investigations)**

1. The Audit Committee shall, by its resolution, appoint the Member(s) who will take charge of carrying out investigation works (hereinafter referred to as the "Investigating Member").
2. the Investigating Member shall have the authorities set forth in each of the following Items:-
  - (i) To receive reports from other Directors, Executive Officers, manager or other employees on the matters regarding the performance of their duties and responsibilities;
  - (ii) To conduct investigations into the operating and financial conditions of the Company;
  - (iii) To receive reports on the business operations of the Company or its subsidiaries, and conduct investigations into the operating and financial conditions of its

- subsidiaries, whenever necessary to exercise the authorities of the Audit Committee; and
- (iv) Other authorities that the Audit Committee deems necessary to conduct audit.
2. The Members having the authorities referred to in the preceding Paragraph shall follow any resolution of the Audit Committee, if adopted, with respect to the matters concerning the receipt of those reports or investigations.

**Article 12. (Audit Report; Special Member)**

1. The Audit Committee shall, by its resolution, designate the Member(s) who will perform the following duties and responsibilities (hereinafter referred to as the "Specified Member"):-
- (i) To receive the business report and its schedules, and accounting statements to be received by each Member from the Executive Officers, and send them to other Members;
- (ii) To give notice of the content of the audit report of the Audit Committee on the business report and its attached schedules to the Executive Officers who are designated as the persons who should receive such notice (hereinafter referred to as the "Specified Executive Officer");
- (iii) To agree with the Specified Executive Officer on the date on which the notice referred to in the immediately preceding item should be given;
- (iv) To receive the content of the accounting audit report from the Accounting Auditor and inform other Members of such content of the accounting audit report;
- (v) To inform the Specified Executive Officer and the Accounting Auditor of the content of the audit report of the Audit Committee on the accounting statements; and
- (vi) To agree with the Specified Executive Officer and the Accounting Auditor on the date on which the notice of content of the accounting audit report should be received from the Accounting Auditor.

**Article 13. (Reports to the Board of Directors)**

1. The Audit Committee shall, by its resolution, designate the Member(s) who will report to the Board of Directors of the Company as to the status of its execution of duties (hereinafter referred to as the "Reporting Member")
2. The Reporting Member or Members shall make reports on the status of execution by the Audit Committee of their duties and responsibilities without delay.

**Article 14. (Matters Requiring each and all individual Member's Agreement)**

1. The Audit Committee may discuss and deliberate in its meeting(s) the matters to which each and all individual Member is required to agree under the Companies Act, which

include:-

- (i) Dismissal of the Accounting Auditor pursuant to the provisions of law;
  - (ii) Proposal regarding partial exemption from liability of the Directors to be submitted to the general meeting of shareholders for ratification;
  - (iii) Proposal regarding amendment to the Articles of Incorporation for partial exemption from liability of the Directors to be submitted to the general meeting of shareholders for ratification;
  - (iv) Proposal regarding partial exemption from liability of the Directors in accordance with the Articles of Incorporation to be submitted to the Board meeting;
  - (v) Proposal regarding amendment to the Articles of Incorporation for enabling an agreement to be entered in between the Company and Director who does not concurrently serve as Executive Officer on partial exemption from their liabilities, to be submitted to the general meeting of shareholders for ratification; and
  - (vi) Ancillary participation in shareholder derivative lawsuit for Director or Executive Officer who is the defendant.
2. Member(s) may agree to the matters provided in the preceding Paragraph in writing or by means of electromagnetic records when it is found to be urgently necessary

**Article 15. (Minutes)**

1. The summary of the proceedings and results of the meeting of the Audit 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 Audit Committee.

**Article 16. (Notice to Absentee)**

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

**Article 17. (Legal Proceedings)**

If it is necessary in relation to a lawsuit between the Company and any of its Directors or Executive Officers, or so-called shareholders' derivative action set forth in the Companies Act, the Audit Committee shall designate a Member who should represent the Company in that lawsuit.

**Article 18. (Assistant Staff of the Audit Committee and Secretariat)**

1. The Company may have in place the Audit Committee Office that will be subject to instructions and directions of the Audit Committee, with the aim of supporting the operations of the Audit Committee, as well as of helping the Audit Committee to perform its duties and responsibilities smoothly and efficiently.
2. The role and responsibilities as a secretariat of the Audit Committee will be taken by the Audit Committee Office. The Audit Committee Office will organize and coordinate matters to be brought before the meeting of, or reported to, the Audit Committee, and necessary information and materials for submission to the Audit Committee, and assist the proceedings and administration of the Audit Committee, and record the summaries of matters determined at the meetings, and prepare the minutes of the Audit Committee.

**Article 19. (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.

**Article 20. (Amendments to These Terms)**

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

Established on 27<sup>th</sup> June, 2008  
Amended on 1<sup>st</sup> February, 2012  
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