

Corporate Governance / Internal Control

Corporate Governance

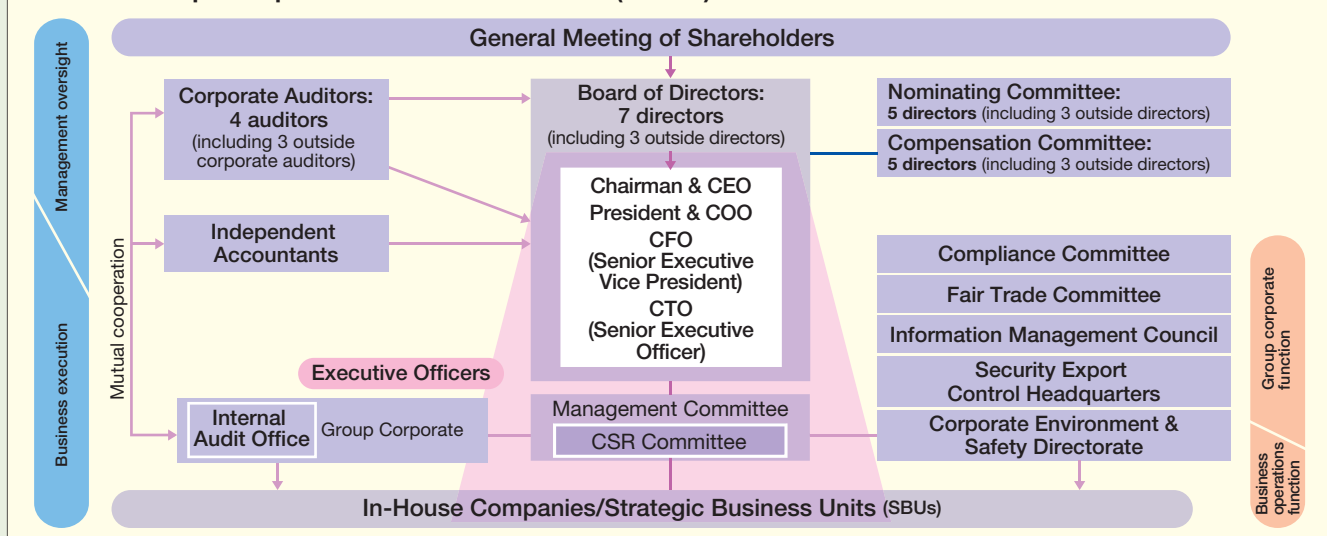
As its basic policy on corporate governance, Asahi Glass Company clearly separates the functions of "oversight" and "execution" of management, aiming to reinforce the management oversight function while ensuring quick decision making in management execution. Under this basic policy, we have implemented various measures to improve our corporate governance system, including the appointment of outside directors, the adoption of an executive officer system, and the establishment of a non-statutory Nominating Committee and a Compensation Committee.

As part of our efforts regarding corporate governance, we have decided to revise the directors' compensation system in view

of discussions by the Compensation Committee and the Board of Directors in March 2007. We abolished the retirement benefit program for directors and introduced stock compensation-type stock options to share with shareholders the benefits and risks related to stock price fluctuations. Further, regarding top management, we have decided to establish the positions of Chairman & CEO and President & COO together with reinforcing the Group's strategic planning capabilities and enhancing efficiency and acceleration of all aspects of business execution.

By implementing these measures, we will continue to enhance our corporate governance.

The AGC Group's Corporate Governance Structure (Outline)



CSR Promotion Structure

The CSR Committee, which corresponds to the Management Committee, deliberates on overall policies and issues relating to CSR in the AGC Group. The President & COO chairs the CSR Committee, which is comprised of the Chief Financial Officer, Chief Technology Officer, and respective heads of the In-house Companies and SBUs, and administered by the Corporate Planning Division and CSR Office.

Internal Control

Asahi Glass Company decided on its corporate policy for internal control at the Board of Directors meeting held in May 2006. Partial revisions were implemented in October 2007 that reflect changes in our internal control, including the establishment of the AGC Group Charter of Corporate Behavior as well as the status of progress with regard to the compliance program, system for management of Group companies, and matters regarding auditors.

Basic items for internal control

- (1) Compliance program
- (2) Information retention and management system
- (3) Risk management system
- (4) System to ensure efficient and effective business execution
- (5) System for management of Group companies
- (6) Matters regarding auditors

As for the risk management system, we make it a rule to identify important risk factors and examine and monitor the state of risk management periodically at the meetings of the

Management Committee and the Board of Directors.

We continue to assess the state of important risk management in the AGC Group, implement necessary measures, and monitor such measures.

Internal Control Measures for Financial Reporting

As for internal control with regard to financial reporting, we will establish, operate, and assess internal controls pursuant to the Financial Instruments and Exchange Law promulgated in June 2006. We plan to fully implement our internal control for financial reporting in fiscal 2009 and beyond.

