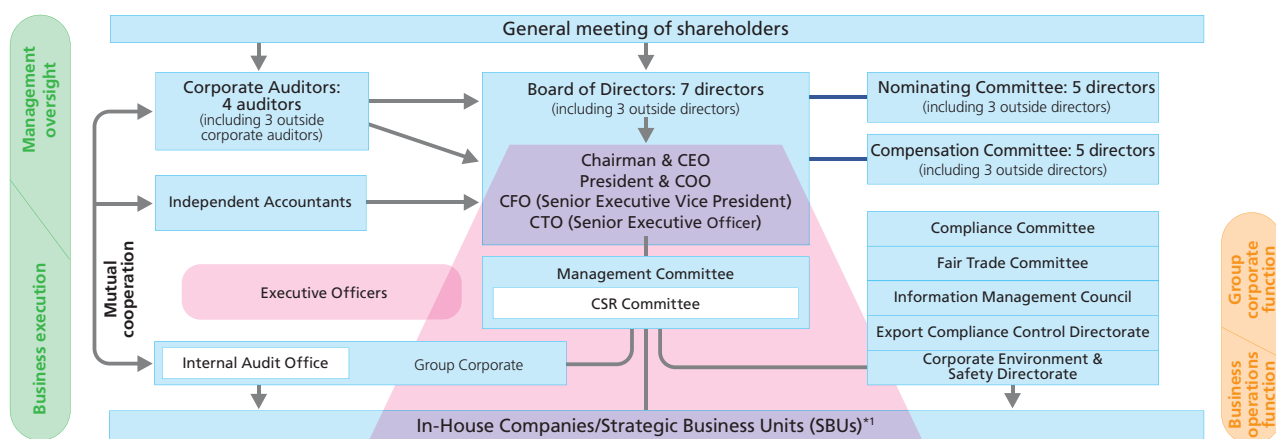


## Corporate Governance

As its basic policy on corporate governance, Asahi Glass 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 the benefits and risks related to stock price fluctuations with shareholders. Furthermore, regarding top management, we decided to establish the positions of “Chairman & CEO” and “President & COO” in 2008, 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 continue to enhance our corporate governance.



\*1 In-House Companies are business units that operate globally, generally with net sales of over 200 billion yen. Business units with smaller scales are categorized as Strategic Business Units (SBUs).

## CSR Promotion System

The AGC Group established its CSR Committee in 2005. This Committee, which serves as an in-house organization to fulfill CSR by the Group, is chaired by the President & COO and composed of the CFO, CTO, and the heads of the In-House Companies and SBUs. It discusses the Group’s CSR-related policies and issues. Moreover, we hold monthly meetings of the staff members actually engaged in CSR at each organization, where attendees discuss the measures needed to solve specific issues.

## Internal Control

Asahi Glass decided on its basic policy over internal control at the Board of Directors meeting held in May 2006. Subsequently, we partially revised the policy reflecting the changes of our situation, including the establishment of the AGC Group Code of Conduct in October 2008.

### The items for basic policy 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

## Internal Control over Financial Reporting

As for internal control over financial reporting, we have built up a mechanism to establish, operate, and assess internal controls pursuant to the Financial Instruments and Exchange Law, promulgated in June 2006. Using this mechanism, we started the full implementation of internal control over financial reporting in fiscal 2009.

## Risk Management

Based on its basic corporate policy over internal control, the AGC Group makes it a rule to identify important risk factors and report and examine the state of risk management periodically at the meetings of the Management Committee and the Board of Directors.

In identifying important risk factors, we conduct questionnaire surveys across the Group to create a risk map that indicates the impact and frequency of possible risks, which we use to evaluate the significance of the risk factors. Then the Management Committee and the Board of Directors discuss the factors at their meetings, and the related In-House Companies and SBUs formulate the action plans to implement the Plan, Do, Check, and Act (PDCA) cycle for the continuous improvement of their risk management levels.

### Formulation of a business continuity plan (BCP)

Regarding important risk factors, we are implementing measures to formulate and operate business continuity plans (BCPs) for large-scale accidents and disasters. Specifically, we are taking countermeasures against earthquakes in Japan (see Topic below) and new type of pandemic influenza<sup>\*2</sup>.

\*2 The new type of pandemic influenza is a disease caused by flu viruses from animals, in particular from birds. The viruses do not usually infect humans, but some viruses mutate so that they can infect humans, grow in humans, and be efficiently passed from human to human.