



AGC GROUP

# CSR Report 2010



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## Editorial Policy

This report is designed to communicate, in a clear manner, how Asahi Glass Company (AGC) Group is striving to fulfill its corporate social responsibility (CSR).

Featured articles outline how the Glass, Electronics and Chemicals companies are committed to providing "Technology solutions for climate change," which is a target set in our management policy **Grow Beyond**. These articles also show how AGC Group's innovative technologies, particularly those related to manufacturing processes and products, contribute to bettering the global environment.

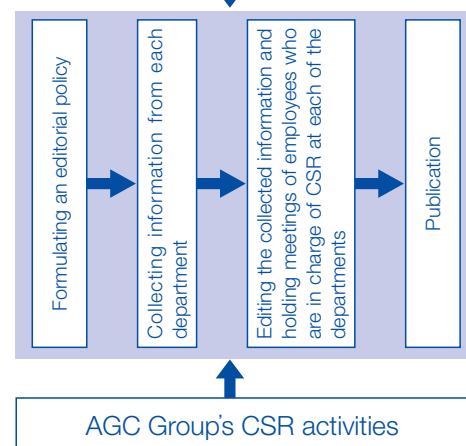
In the pages outlining the "Report on AGC Group's CSR Activities," which are structured based on the items of the AGC Group Charter of Corporate Behavior (see page 7), details of the activities are reported with specific examples, including their concepts, targets, results, challenges, and implementation systems.

## Procedures for the Creation of the CSR Report

We have created this report by following the procedures described below:

Receiving opinions from stakeholders through such measures as:

- . Holding a stakeholder dialogue meeting
- . Conducting a questionnaire on the previous CSR report
- . Asking for public opinions through the website
- . Asking experts to give third-party opinions on the CSR report
- . Finding more opportunities to communicate with customers and business partners





## Introduction of Communication Tools

AGC Group is fostering communication with stakeholders through various media.

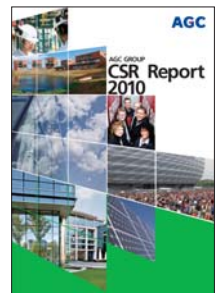
### For general corporate activities AGC Report

This corporate brochure/annual report outlines the corporate vision of AGC Group and introduces the details of its management policy **Grow Beyond** as well as its current business position.



### For CSR activities CSR Report (this report)

The report introduces how AGC Group is striving to fulfill its social responsibilities.



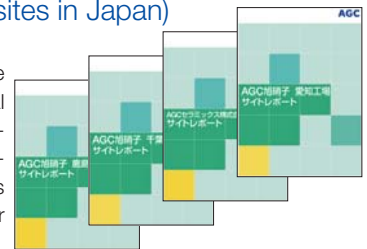
### For financial information Financial Review

This publication outlines AGC Group's business situation and reports on its financial performance, including consolidated financial statements.



### For initiatives taken at each Group site Site Report (Only for sites in Japan)

The report introduces the environmental, occupational health and safety, and industrial safety and security measures taken at Asahi Glass's plants and the sites of major Group companies in Japan.



### For general information Website

AGC Group's general information is available online. We are committed to timely and detailed information disclosure on the Asahi Glass website, through which visitors can also access the websites of other major Group companies.




Website of Asahi Glass:  
<http://www.agc.co.jp/english/>



Investor Relations web page:  
<http://www.agc.co.jp/english/ir/>



CSR-related web page:  
<http://www.agc.co.jp/english/csr/>  
(To be updated in July and August 2010 for the Japanese version and English version, respectively)

On our web pages on CSR, we post this report and also additional information and data. In this report, the URLs of the web pages that readers can refer to are shown with the  mark.

### Scope of Reporting

- The report covers the activities of AGC Group in fiscal 2009 (from January to December 2009).  
\* The report also mentions some activities conducted in fiscal 2010.
- In this report, "AGC Group" refers to Asahi Glass Company Group.  
\* AGC Group companies comprise Asahi Glass Co., Ltd. (AGC) and its consolidated subsidiaries in Japan and overseas (a total of 178 companies.)  
\* "Asahi Glass" refers to Asahi Glass Co., Ltd., the parent company of the Group, including its head office, sales bases, the Research Center, and the Plants.

### Reference Guidelines

Sustainability Reporting Guidelines 2006, Global Reporting Initiative Environmental Reporting Guidelines (2007), Japanese Ministry of the Environment

### Publication

June 2010

- \* Future perspectives described in this report are based on the latest information available to AGC Group at the time of editing this report. Nevertheless, please note that results and consequences may vary with fluctuations in the business environment.
- \* All rights reserved. (C)2010, Asahi Glass Co., Ltd.

# Message from the President & CEO

“We will Become a Corporate Group that is Trusted, Counted on and Supported by Society by Making Contributions to a Sustainable Society”



Kazuhiko Ishimura  
President & CEO

*K. Ishimura*

In 2009, AGC Group implemented measures to strengthen itself for the future. Specifically, we focused our efforts on improving our productivity and yield and developing advanced technologies for new products. Moreover, we enhanced our business structure, for example, by establishing the Glass Company and the Electronics Company. Toward the end of 2009, the world economy gradually started to recover and our business also began making a change for the better. Nonetheless, the worldwide economic recession accelerated a change in the market structure, causing us to speed up countermeasures in order to make appropriate responses.

## Contributing to a Sustainable Society by Accelerating *Grow Beyond* Measures

At the time we initially formulated our management policy *Grow Beyond*, we anticipated that climate change and resource problems would become more serious by 2030 and our market structure would change more dramatically with the growing importance of fast-growing markets. In fact, the market structure has been changing faster than expected. In order to respond to these significant changes, AGC Group needs to accelerate *Grow Beyond* measures. We also think it necessary for the Group to contribute to the creation of sustainable society, being aware of the necessity of a sustainable society not only from the viewpoints of climate change and resource problems but also from a more comprehensive global viewpoint. Based on this recognition, we have clearly defined our aspirations for 2020 as follows, and set them as major policies of AGC Group.

### AGC's Aspirations for 2020

AGC Group aspires to excel as a highly profitable and fast-growing global enterprise making contributions to a sustainable society by:

- Having strong and differentiated technologies
- Giving consideration to environmental friendliness not only of products but also for overall production processes and business activities
- Contributing to the development of fast-growing regions

## Building Foundations for Growth to Become a Truly Leading Global Enterprise

To achieve our aspirations for 2020, we will implement measures focusing on the following three points.

### (1) Delivering technology solutions for climate change

**—We will give due consideration to the environment in all our business operations.**

Although climate change is a serious issue that could threaten the business continuity of AGC Group, it also provides a great opportunity for us to contribute to society through our business. Recognizing our responsibility as a glass manufacturer belonging to an industry that consumes great volumes of energy, we earnestly strive to reduce energy consumption in our manufacturing processes. For example, we are developing technologies that will cut energy used in manufacturing by half. Achieving significant energy-savings reduces not only our environmental impact but also our costs. Moreover we are now developing materials and parts for photovoltaic devices which contribute to improving generating efficiency and highly energy-saving glass by taking advantage of our glass, chemical, and ceramics technologies. By promoting these products worldwide, we will deliver technology solutions for climate change.

### (2) Glass-technology-driven company

**—We will meet new needs through our strong and differentiated technologies.**

AGC Group will further differentiate our businesses by refining our core technologies. For example, we will advance our glass technology to produce highly value-added and energy-saving

glass products. Moreover, by integrating our glass, chemical, and ceramics technologies in a more proactive manner, we will provide our customers with products of higher value.

### (3) Second round of globalization

**—As a global company, we will also contribute to the growth of fast-growing regions.**

AGC Group will further enhance businesses in developed regions including Japan, Europe and North America and will also expand operations in fast-growing regions. In addition to the areas where we have already established bases such as China, Russia, India, and Southeast Asia, we will take on the challenge of starting businesses in new countries and regions we have yet to penetrate and will contribute to the development of local communities through our business activities. In furthering our business in fast-growing regions, we will examine the use of global human resources and the establishment of a business model that differs from those used in developed areas.

## Bringing Our people and Organization Together under the Slogan of “Our People are Our Strength”

Our people both form our growth foundation and provide solutions for various challenges. Recognizing this, we will give sufficient growth opportunities to employees who have high motivation toward their own growth and are highly committed to their work. These include opportunities to take on more difficult challenges in a self-directed manner, which we believe will drive them to pursue further growth. AGC Group has approximately 50,000 employees working in a range of countries and regions with different commercial customs and social practices. The diversity of our workforce gives the Group a great advantage, which we will use to transform ourselves into a world-class global enterprise in the truest sense—a robust group that meets expectations for its growth through both an organization-based growth spiral and a personal growth spiral, with each complementing one another to create a self-propelling cycle of development.

## To Readers of This Report

AGC Group believes that contributing to society through business operations is both a duty and a corporate social responsibility (CSR). We have also been conducting social contribution activities in order to reinforce the contributions made through our business operations. We established the “AGC Group Social Contribution Basic Policy” in February 2010 to clarify our stance on social contribution activities and further foster our social contribution activities. We conduct social contribution activities in three priority areas: “support for the next generation,” “harmony with local communities” and “natural environment conservation.” As for the first priority area, we think it really significant to develop human resources from a long-term view because human resources are the most important basis for society. The second and third priority areas are deeply related also to our business operations. Regarding this point in fiscal 2009, we held a dialogue with our local stakeholders at the Asahi Glass Aichi Plant. You will find an article about the meeting later in this report.

We will continue to listen and respond to the concerns and comments of our stakeholders, and develop technologies and services to meet the needs of society in our effort to become a global corporate group that people around the world can count on and support in the knowledge that we are committed to steadily achieving the best possible results. To this end, and toward the achievement of a sustainable society, we sincerely invite you to submit any comments and opinions you may have on this report or any aspect of AGC Group.

# Variety of AGC Group's Products

AGC Group's products include glass used for vehicles and buildings, and materials for photovoltaic devices, digital home electric appliances, and kitchen detergents. These products contribute to people's safe and comfortable lives. By further developing and combining glass and chemical technologies, we will continue to make the world a brighter place.

## ● Various glass products

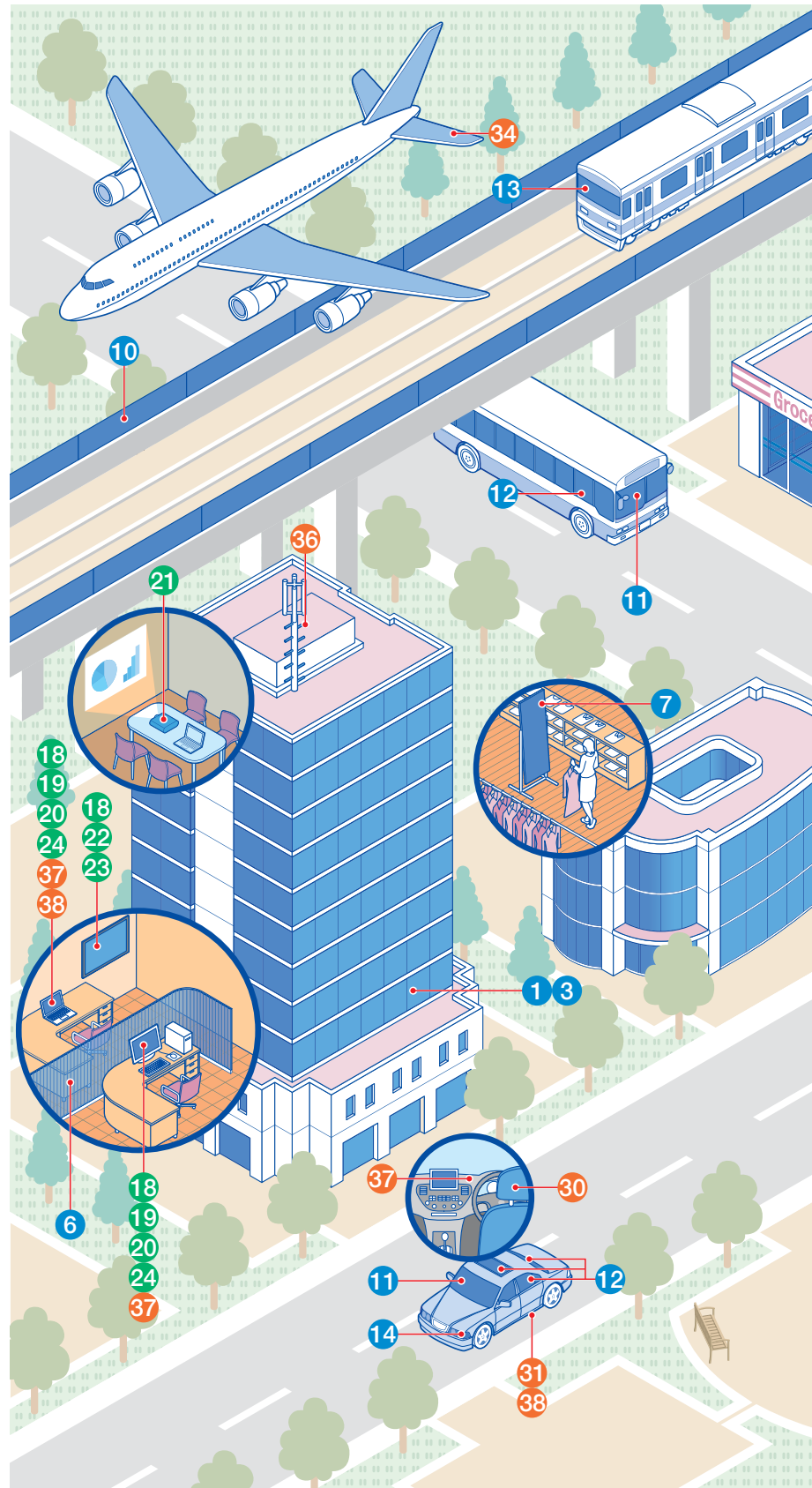
- 1 Energy-saving thermal shielding/heat insulation glass (Ecoglass) (page 11)
- 2 Thermal shielding/heat insulation security glass
- 3 Non-wired tempered fire-resistant glass
- 4 Glass for interior windows (soundproof, heat-shielding and energy-saving type)
- 5 Laminated security glass
- 6 Design glass
- 7 Mirrors
- 8 Glass for refrigeration showcases
- 9 Materials for photovoltaic devices (glass substrates, cover glass, etc.) (pages 10 to 15)
- 10 Polycarbonate resin sheets (e.g., for coating railroad fences and automatic vending machines)
- 11 Laminated glass for automobiles
- 12 Tempered glass for automobiles
- 13 Glass for vehicles (e.g., trains)
- 14 Glass for automotive lamps
- 15 Glass for fluorescent lamps
- 16 Heat-resistant glassware
- 17 Glass and plastic products for physical, chemical, and medical usage

## ● Various electronics- and display-related products

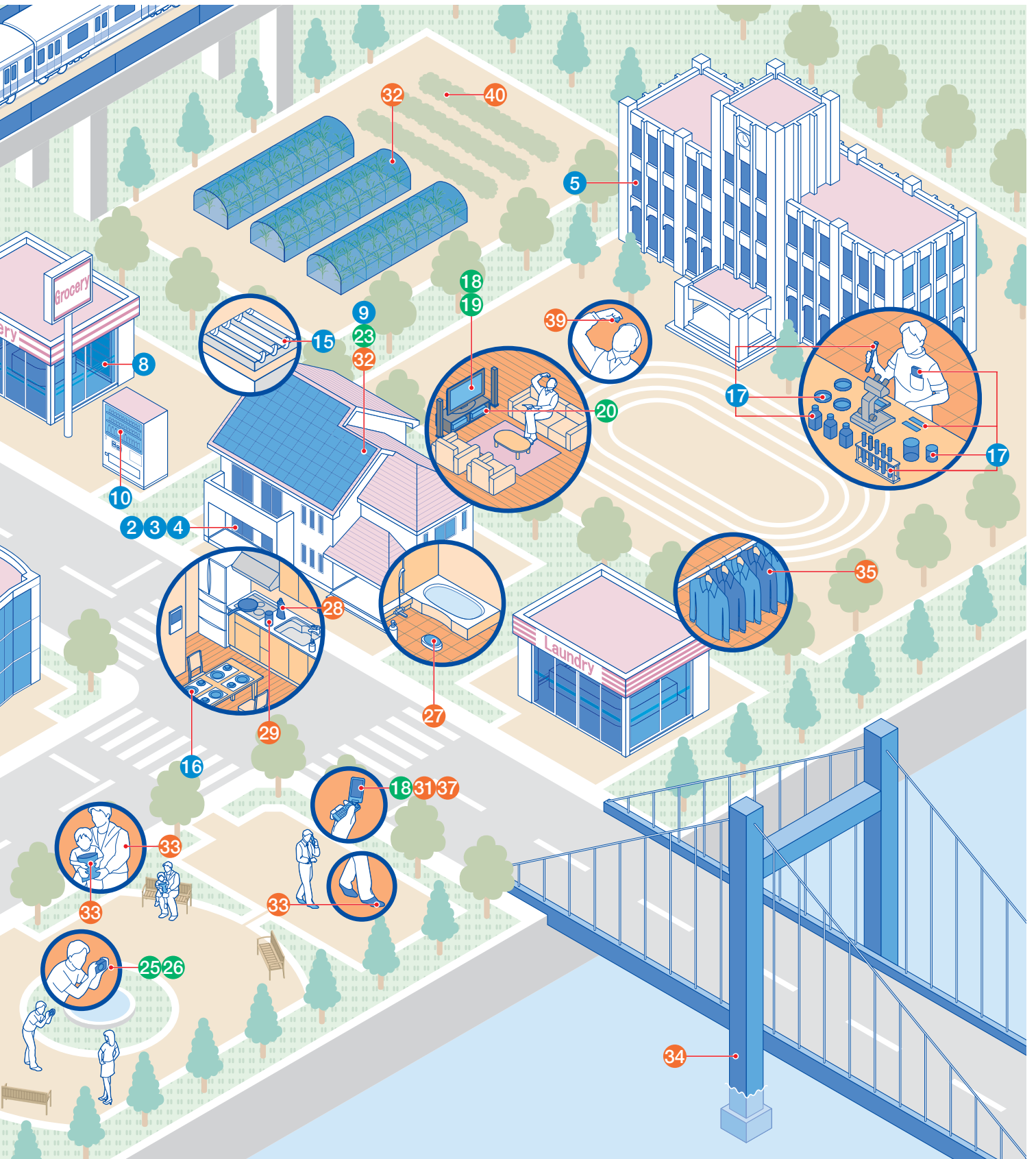
- 18 Flat panel display (FPD) glass (e.g., LCD TVs, plasma TVs, computer monitors, and cell phones)
- 19 Backlight glass tubes for LCDs
- 20 Optical planar devices (e.g. CD/DVD/Blu-ray optical pickups)
- 21 Projector materials
- 22 Optical filters for flat panel displays
- 23 Glass frit paste
- 24 Glass substrates for HDD (e.g., personal computers)
- 25 Aspherical glass lens (e.g., digital cameras)
- 26 Glass filters (e.g., digital cameras)

## ● Various chemical products and others

- 27 Caustic soda (e.g., soaps)
- 28 Sodium bicarbonate (e.g., household detergents)
- 29 Sodium hypochlorite (e.g., fungicides, disinfectants, and bleaches for household use)
- 30 Urethane (e.g., seats for automobiles)
- 31 Fluoropolymers (e.g., cell phones and fuel hoses for automobiles)
- 32 Fluoropolymer films (e.g., greenhouses and front/backing sheets for photovoltaic devices)
- 33 Fluorinated water/oil repellents (e.g., shoes, clothes, and packages for fast-food)
- 34 Fluorinated resin for highly weather-resistant coating (page 38) (e.g., bridges and airplanes)
- 35 Fluorinated solvents (e.g., dry cleaning solvents)
- 36 Fiber reinforced plastic (FRP) antenna pillars
- 37 Liquid crystal materials (e.g., personal computers and instrument panels)
- 38 Materials for secondary batteries
- 39 Ingredients for eye drops
- 40 Ingredients for agricultural pesticides



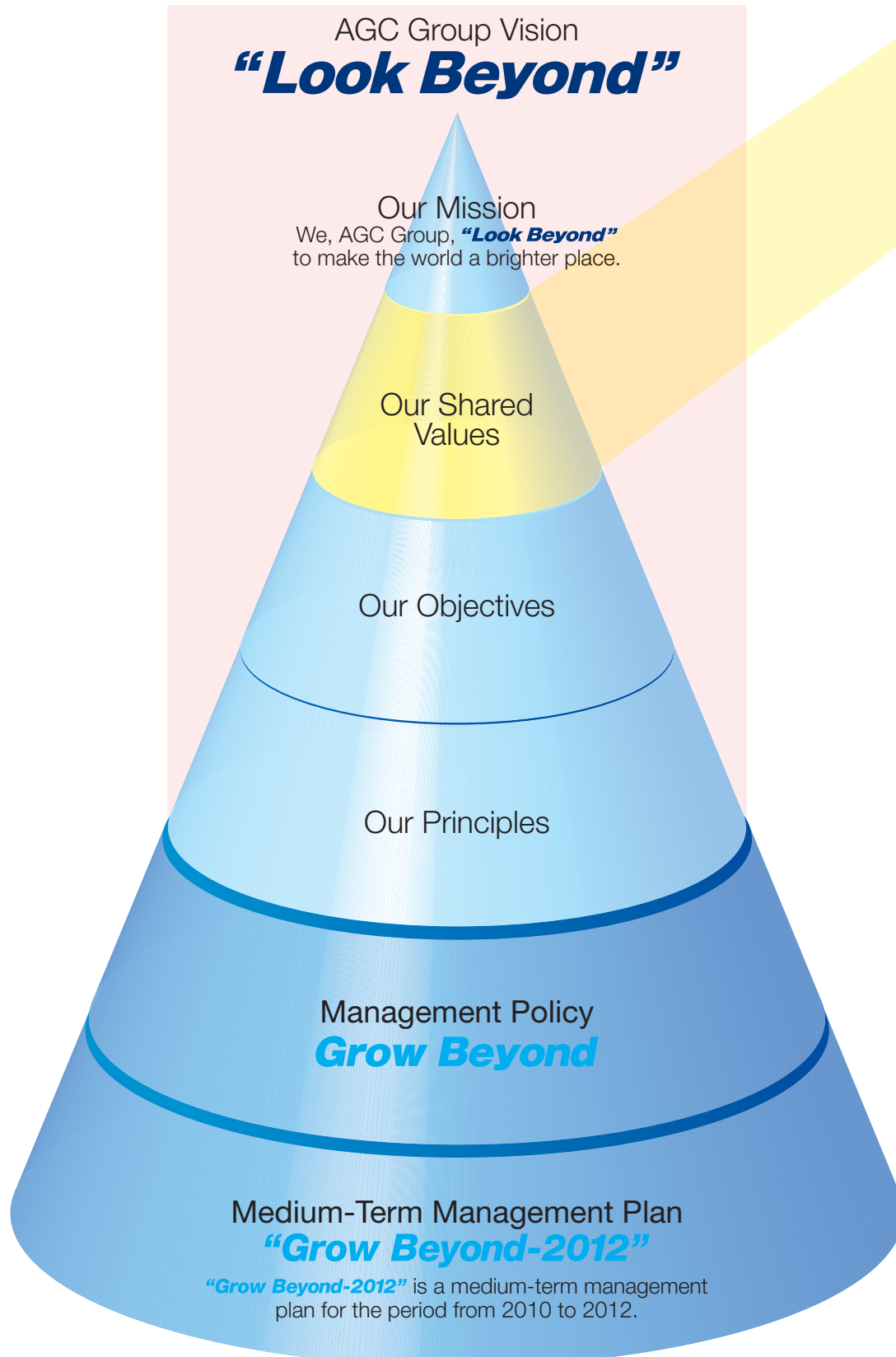




# AGC Group's Vision and CSR

For AGC Group, the pursuit of its group vision **"Look Beyond"** represents the fulfillment of its CSR. We regard it our mission to **"Look Beyond"** to make the world a brighter place.

In accomplishing this mission, all employees of AGC Group are encouraged to take action based on the Group's shared values of "Innovation & Operational Excellence," "Diversity," "Environment," and "Integrity." We would thereby like to achieve sustainable growth as a socially trusted corporate group.





## Our Shared Values

All employees of the Group follow Our Shared Values in accomplishing Our Mission. By taking action based on these values, we will contribute to the creation of a fair and sustainable society and be even more trusted by society. As a declaration of our commitment to achieving this target, we have formulated the AGC Group Charter of Corporate Behavior, as shown below.



For the implementation of these values

### AGC Group Charter of Corporate Behavior (Established on June 1, 2007)

The AGC Group strives to be a company trusted by all its stakeholders, a company that meets the expectations of the world business community to grow and develop responsibly, and a company that significantly contributes to a healthier global society. We in the AGC Group will achieve these goals by practicing the following principles that are based on our shared values of **"Look Beyond"**.

#### ■ Integrity: Sincere Behavior

1. The AGC Group will develop and provide useful goods and services of superior quality, while giving due consideration to safety and the environment, and will strive for customer satisfaction and loyalty.
2. The AGC Group will understand and comply with applicable laws and regulations in the countries in which it does business.
3. The AGC Group will promote fair trade and conduct its operations in accordance with the principle of fair competition and all applicable laws and regulations. The Group will support the development of appropriate competition laws.
4. The AGC Group will maintain sound relationships with government agencies and other responsible organizations. The Group will not support organizations that threaten the order and security of society.
5. The AGC Group will properly manage and safeguard its own proprietary information, intellectual property, and other assets and will respect the property rights and interests of its customers and other business partners.

#### ■ Environment and Safety: With Due Consideration

6. The AGC Group regards environmental conservation as an essential responsibility of global citizens and will proactively contribute to the development of a sustainable society.
7. The AGC Group will seek to implement technological innovations and new product developments that reflect due consideration for the environment and will participate in ongoing activities to preserve the environment and safety and security at work.
8. The AGC Group will maintain its workplaces with a proper regard to occupational health and safety for the people related to the business activities of the Group.

#### ■ Diversity: Respect for People

9. The AGC Group will respect cultural diversity in race, ethnicity, religion, language, gender, and background.
10. The AGC Group will respect people's diverse capabilities and personal dignity in the Group's business activities and will create fair and open environments at its workplaces without discrimination.
11. The AGC Group will not engage in forced labor or child labor and will not tolerate infringements of human rights.

#### ■ Harmony with Society: From "Responsibility" to "Reliability"

12. The AGC Group will strive to be a trusted corporate citizen, fulfilling its responsibilities to the communities in which it does business.
13. The AGC Group will build productive and proper relationships with business partners and encourage them to adhere to business principles consistent with its own.
14. The AGC Group will communicate responsibly with customers, local citizens, shareholders, and other members of society by disclosing information in a fair and appropriate manner.

The management of all AGC Group companies, recognizing that it is their responsibility to realize the spirit of this Charter, will take the initiative to achieve an understanding of the Charter within all Group companies and the companies with which they do business. We will pay attention to the voices of our stakeholders, both internal and external, and promote the development and implementation of systems that will enhance ethical corporate behavior under the vision **"Look Beyond"**.

In the case of any behavior contrary to the principles of this Charter, we will work to identify the cause and prevent a recurrence, making it clear to those inside and outside Group companies that the situation is being addressed diligently. We will take appropriate corrective and disciplinary actions when necessary.

# Delivering Technology Solutions for Climate Change

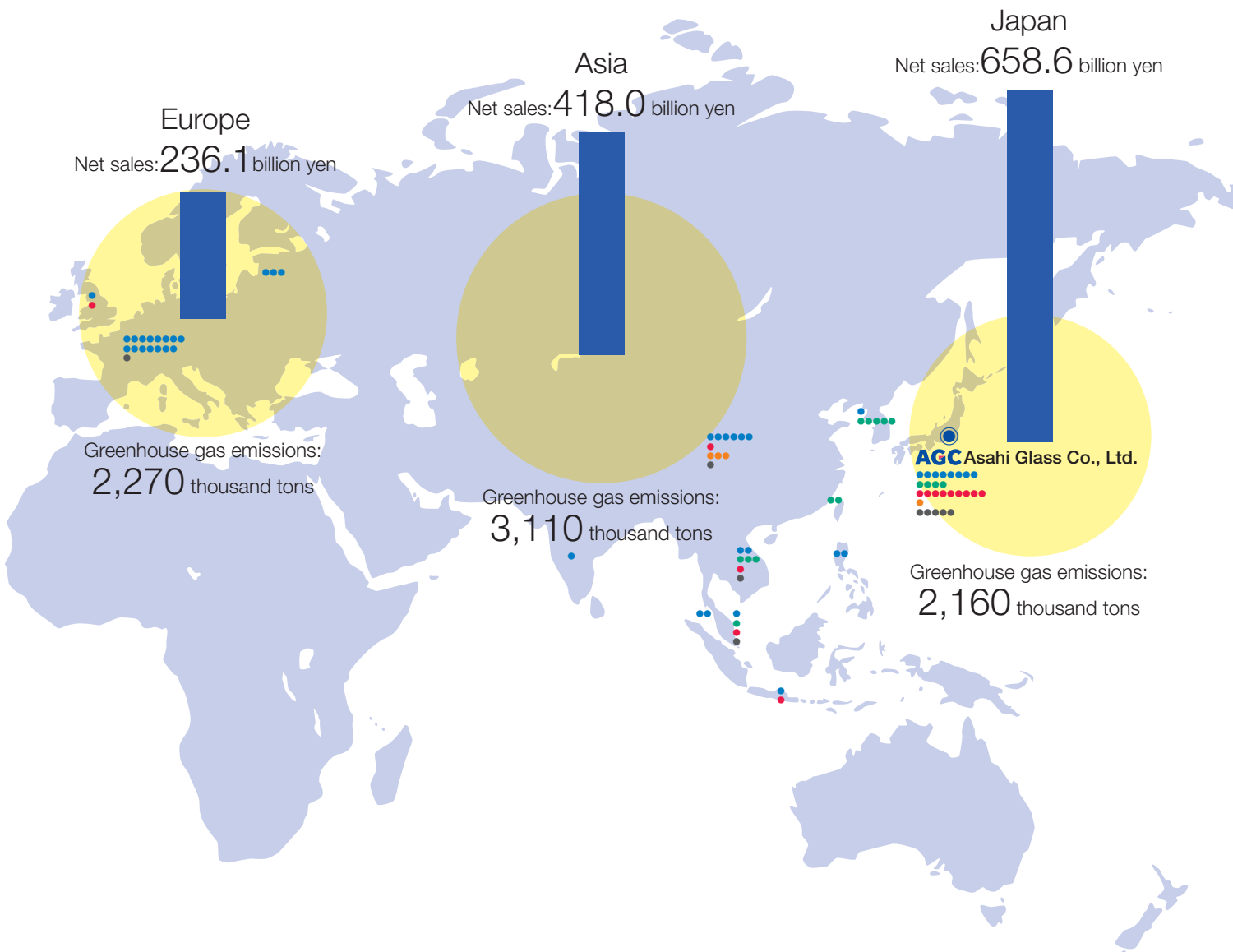


## Turning the Big Issue, Climate Change, into a Great Opportunity

AGC Group is globally engaged in a wide range of businesses, including glass, electronics and chemicals fields. The climate change problem is a big issue for us, because we need a lot of energy to manufacture most of our products. We regard that it is our duty to deliver technology solutions such as the introduction of more energy-efficient technologies in our manufacturing process to contribute to solve the climate change problem.

The climate change problem, however, also provides

AGC Group with a great opportunity to contribute to society through its business operations. By taking advantage of our glass and chemical technologies, we develop and globally promote environmentally friendly products such as materials and parts for photovoltaic devices and solar thermal power generation, and energy-saving glass. We would thereby like to become a corporate group that is trusted and counted on by society.



In AGC Group management policy **Grow Beyond**, the slogan "Delivering technology solutions for climate change" is stated in the most important target "Building foundations for growth."

## Grow Beyond



North America  
Net sales: 76.5 billion yen

Greenhouse gas emissions:  
484 thousand tons

AGC Group's major bases

- Glass
- Electronics & Display
- Chemicals
- Ceramics
- Others

As of the end of March 2010, and including companies that do not incorporate the "AGC" brand in their names such as equity method affiliates.

**AGC Group**

■ Net sales:  
**1,148.2 billion yen**

● Greenhouse gas emissions:  
**8,020 thousand tons**

\*As of the end of fiscal 2009. The total sum of the regional net sales figures does not amount to AGC Group's net sales because of consolidation elimination.

\*Greenhouse gas emissions include emissions of CO<sub>2</sub> and fluorinated gases. The regional greenhouse gas emissions do not total the exact amount of the entire AGC Group's emissions because of rounding off of fractions.



Feature: Delivering Technology Solutions for Climate Change

## The Glass Company Developing Technologies and Products Globally



## Providing Optimal Environmental Solutions around the World for the Local Climate and Culture



Akio Endo  
President of  
AGC Glass Company

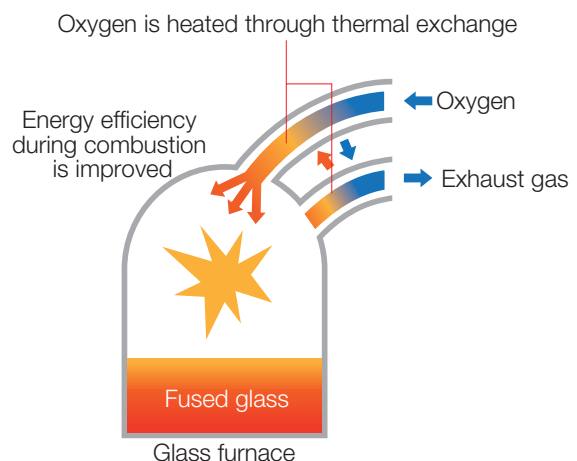
At present, the world is witnessing a rapid expansion of solar power generation. Crystal silicon photovoltaic devices are said to be effective for household use, amorphous (non-crystalline) silicon devices for power plants, and solar thermal devices for use in dry areas with long sunshine hours, such as deserts. For highly functional glass that helps reduce energy consumption, products with high thermal shielding properties are required in tropical areas while those with high heat-retention properties are needed in colder climates. AGC Glass Company is based in Europe, a region with a long tradition of glass culture, and is conducting global operations in three regions, namely in Europe, Asia including Japan, and North America. We are determined to provide environmental solutions on a global scale by sharing our abundant expertise across the company and localizing technologies and skills according to the climate and culture of the countries and regions in which we operate.

AGC Glass Company manufactures glass products for architecture, automobiles and solar power generation, which help people live more comfortably while reducing their energy consumption. As a leading company in the industry, we are committed to developing innovative manufacturing technologies including in-flight melting and the total oxygen combustion method using Hot-oxy, with a view to further reducing energy use in our manufacturing processes.

## Reducing Energy Consumption in the Manufacturing Process

### Total oxygen combustion method using Hot-oxy

The total oxygen combustion method uses only oxygen for fuel combustion in glass manufacturing. This method improves energy efficiency and also greatly reduces NOx emissions because it does not heat nitrogen in the air, which is not necessary for combustion. The total oxygen combustion using Hot-oxy is an upgraded version. This method improves energy efficiency by preheating oxygen that will be used in combustion by using the heat trapped in the exhaust gas released from glass furnaces. Compared with using a conventional furnace, the energy efficiency can be calculated for an improvement of as much as 19% under the total oxygen combustion method, and by 27% with Hot-oxy. Total oxygen combustion is employed in Asahi Glass Keihin Plant and in China, while Hot-Oxy is employed at plants in France.



## Procurement

### Green procurement

The main materials for glass are silica sand and soda ash. Silica sand is imported mainly from Australia and soda ash is mainly from the US. We manage the procurement based on AGC Group's Integrated Green Procurement Guideline. As for the materials and parts for automotive glass, we ask our suppliers to submit data to check that substances of environmental concern such as lead, mercury, cadmium, and hexavalent chromium are not contained.

## Manufacturing

## Environmentally Friendly Products for Photovoltaic Devices

### Cover glass: Improving the conversion efficiency of crystalline silicon photovoltaic devices

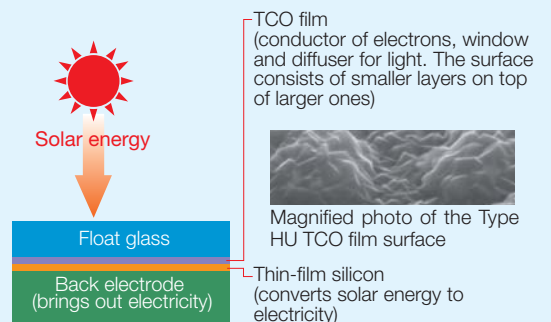
Cover glass coats the surface of crystalline silicon photovoltaic devices and efficiently traps light to improve the power generation efficiency of photovoltaic devices. AGC Group's cover glass adopts a unique surface morphology technology and antireflection coating technology. These help trap light efficiently to the photovoltaic device, in particular for light of specific wavelengths that can be easily converted to energy.



### Transparent conductive oxide (TCO) films

### Improving the conversion efficiency of thin film silicon photovoltaic devices

In thin film silicon photovoltaic devices, TCO films function as electrodes for generated electrons. Requirements for these films are high electrical conductivity, high transparency and a light scattering property. These properties enhance current generation. AGC Group's Type HU TCO film scatters 90% of light incidence by way of its specially designed surface.



## Environmentally Friendly Products Providing Solutions to Climate Change

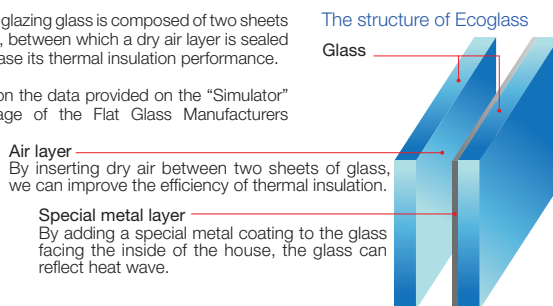
### Ecoglass\*<sup>1</sup> contributes to the prevention of climate change

Ecoglass is composed of two sheets of glass, one of which is made of low-emissive glass, with a dry air layer sealed between the two. It has higher thermal shielding and heat insulation performance than ordinary double-glazing glass.\*<sup>2</sup> In case of a detached house in Tokyo, replacing single-sheet window glass with Ecoglass enables the reduction of CO<sub>2</sub> emissions of about 265.5 kg per year and saves air-conditioning, cooling and heating costs of approximately \$540 per year.\*<sup>3</sup>

\*1. Ecoglass is the trade name for low-emissive double-glazing glass products approved by the Flat Glass Manufacturers Association of Japan.

\*2. Double-glazing glass is composed of two sheets of glass, between which a dry air layer is sealed to increase its thermal insulation performance.

\*3. Based on the data provided on the "Simulator" web page of the Flat Glass Manufacturers



### Promoting "Eco-friendliness through glass" in Asia, including Japan

Improving the thermal insulation performance of houses to save energy is an effective and low-cost way to reduce CO<sub>2</sub> emissions, and its technical practicability is high. Replacing with high thermal insulation windows for households is one way to do so. If the window glass of all houses in Japan was replaced with Ecoglass, the 166 million tons of CO<sub>2</sub> emissions from households could be decreased by 10.4%.\*<sup>4</sup> The usage of Ecoglass in Japan reached 34% for new detached houses and 9% for new apartment houses in fiscal 2008. However, the total usage rate for existing and new houses is still far lower in Japan than in the EU countries and the United States. Asahi Glass is promoting "PairPlus" which is a kind of Ecoglass designed for remodeling existing houses.

In China where economic development is booming, we manufacture and sell high heat shielding glass and conduct educational activities at exhibitions in order to contribute to energy saving in offices and houses. We have also established manufacturing capability in Indonesia.

\*4. 2006 data source: Flat Glass Manufacturers Association of Japan

## Product (use)

## Recycling

### Recycling of laminated glass

The Flat Glass Manufacturers Association of Japan, to which AGC belongs, has developed a new recycling technology unmatched in the world. In fiscal 2009, the association began collecting and recycling architectural-use laminated glass, which turns into waste from the distribution process. This technology enables the decomposition of the interlayer film at high temperature within a few moments before the glass softens. The glass gained from this process is recycled as raw materials for flat glass. In addition, the waste heat produced during this decomposition process is recovered for use in the glass melting process.

Feature: Delivering Technology Solutions for Climate Change

## The Electronics Company Reducing Environmental Impact through LCA\*1

### Contributing to Solving Climate Change as a Manufacturer of Electronics Materials Seeking Competitive Advantage through Environmental Friendliness



Yuji Nishimi  
President of  
AGC Electronics Company

AGC Electronics Company develops and supplies materials and parts for a range of products that contribute to solving the climate change problem, such as photovoltaic devices, LCDs, and LEDs. In the lifecycles of home electric appliances in which most of our products are used, it is said that the amount of CO<sub>2</sub> emitted from their use is larger than that emitted in their manufacture. Therefore, we communicate with home electric appliance manufacturers to develop technologies to contribute to reducing the environmental impact of home electric appliances during their use.

On the other hand, with the recognition that we belong to a manufacturing industry that consumes a lot of energy, we also visualize CO<sub>2</sub> emissions at each plant and reduce our per-unit consumption of CO<sub>2</sub> emissions by improving our productivity. Moreover, we are committed to further developing our production technologies to reduce our total CO<sub>2</sub> emissions. I believe we can gain a more competitive advantage through such commitment to environmental friendliness.

\*1. A life cycle assessment (LCA) is the method to evaluate the environmental impact of a product throughout its entire lifecycle, from the exploitation of resources, production, transportation, use, collection, and recycling, to disposal.

### Reducing Energy Consumption in the Manufacturing and Transportation Processes

#### All-electric melting

In the all-electric melting process, electric current is directly applied to glass materials to melt them. This process is suitable for relatively small furnaces. Materials are heated directly instead of indirectly by the heat radiated from the combustion flame, and this improves energy efficiency. At present, we are operating all-electric furnaces in some of our bases.

#### Reducing energy consumption in manufacturing equipment

From February to April 2009, AGC Electronics Company inspected the manufacturing equipment in our domestic plants to check their energy efficiency and then implement energy-saving activities. Based on the inspection results, we made necessary improvements to the equipment, such as resetting the pressure levels of compressors to the optimal levels, thereby reduced CO<sub>2</sub> emissions by a total of about 4,000 tons per year at the six major domestic plants. We will implement the same measures also at

our overseas manufacturing bases, such as in Taiwan, South Korea and Thailand.

#### Improving transportation efficiency

AGC Electronics Company has long been making efforts to reduce its CO<sub>2</sub> emissions in transportation. For example, as early as in fiscal 2005, AGC Display Glass Yonezawa, one of AGC Group companies, participated in a demonstration experiment conducted by the Japanese Ministry of Land, Infrastructure, Transport and Tourism for the purpose of building transportation systems with a lower environmental impact. The measures that have been implemented by AGC Electronics Company include a modal shift in long-distance transportation, improvement of the load efficiency of trucks, and the use of multiple unique packaging methods in consideration of the shapes of products. By further fostering these measures, we will contribute to reducing CO<sub>2</sub> emissions in the transportation aspect of Asahi Glass.

## Procurement

#### Green procurement

AGC Electronics Company manages the procurement of materials for display parts in accordance with AGC Group's Integrated Green Procurement Guideline. As for the materials for electronics parts which amount to more than 1,000 types, we have independently set the Green Procurement Guidelines and implement green procurement measures for each of our product groups.

## Manufacturing



## Application of Technologies to Environmentally Friendly Products for Photovoltaic Devices

AGC Electronics Company provides technologies, materials and parts that help improve the power generation efficiency, durability, and productivity of photovoltaic devices toward further popularization of these products.

### Glass powder seal materials

They are used for binding silver and aluminum electrodes and contribute to higher durability of photovoltaic devices.



### High purity SiC components used in semiconductor manufacturing

During wafer processing for photovoltaic devices, they do not deform even at temperatures of 1,200°C or higher because of their excellent heat resistance and high temperature strength.



### Glass tubes

The technology for manufacture of fluorescent tubes which, in example, is used for LCD backlighting is applied.



## Other Environmentally Friendly Products

AGC Electronics Company has been providing a wide range of environmentally friendly products to meet the needs of customers and society, including arsenic-free LCD glass substrates. In the future, we will develop and supply further materials and parts used in for example, photovoltaic devices and LEDs, which contribute to solving the climate change problem.



Arsenic- and antimony-free glass for hard disks



Lead-free micro glass



Arsenic- and antimony-free glass for displays



Lead-free glass powders



Arsenic- and antimony-free backlight tubes

Product (use)

Recycling

### Recycling boric acid

AGC Electronics Company uses boric acid to produce borosilicate glass. We are now developing a technology to effectively recycle boric acid that volatilizes from glass furnaces as materials for glass.

Feature: Delivering Technology Solutions for Climate Change

## The Chemicals Company Increasing the Environmental Friendliness of Society through Chemistry



### Carrying on Technological Innovations for the Environment under the Mission, "Chemistry for a Blue Planet"



Takuya Shimamura  
President of  
AGC Chemicals Company

AGC Chemicals Company manufactures various chemical products from sea salt which contribute to better life. The electrolysis of saline water, however, requires a lot of electricity and therefore we have been proactively fostering fuel conversion and process improvements to reduce our energy use. We also provide fluorinated gas products to be used as insulator media and coolants. We not only accelerate the replacement of current chemical products with lower global warming potentials (GWP) through further development, but also proactively recover and recycle used products.

We achieved substantial energy conservation by adopting a new manufacturing method for caustic soda in 1975. Moreover, we have been pressing forward with technological innovations for the environment, including the development of fluorinated solvents with zero ozone depletion potential (ODP), highly functional fluoropolymer films (AFLEX), and fluoropolymer for coating. Under the mission, "Chemistry for a Blue Planet," we will continuously contribute to the creation of a safe, secure, comfortable, and environmentally friendly society.

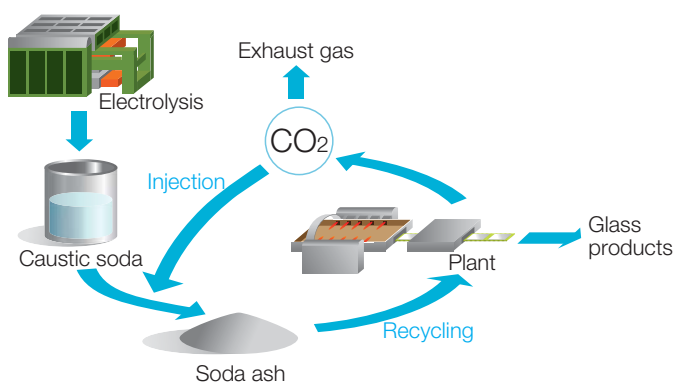
### Reducing Energy Consumption in the Manufacturing Process

#### Recycling CO<sub>2</sub> emitted from the manufacturing process

AGC Chemicals Company has been recovering and recycling CO<sub>2</sub> emitted from the glass manufacturing process by using caustic soda, one of our major products.

We recover low level CO<sub>2</sub> in the gas exhausted from the glass manufacturing process and mix it with caustic soda to synthesize soda ash, a material for glass. By adopting this synthesis method, we contribute to reducing CO<sub>2</sub> emissions in the glass manufacturing process. In addition, using synthesized soda ash instead of the natural soda ash now in use allows us to reduce CO<sub>2</sub> emissions from the procurement and manufacturing of soda ash by approximately 20%.

In 2009, we completed the necessary tests and quality checks at the Asahi Glass Kashima Plant and are now examining the feasibility of introducing this synthesis method across AGC Group.



### Procurement

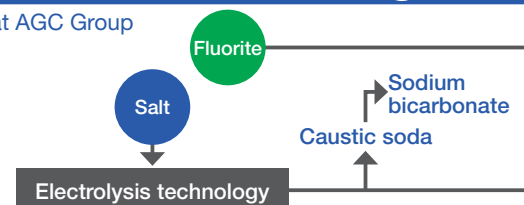
#### Green procurement

The main materials for chemical products are salt, fluorites and potassium chloride. Salt is imported mainly from Australia, fluorites from China, and potassium chloride from Canada.

We manage our procurement based on AGC Group's Integrated Green Procurement Guideline and also with our own guidelines for the management of chemical substances, in order to comply with related regulations such as PRTR.

### Manufacturing

Flow of chemicals at AGC Group



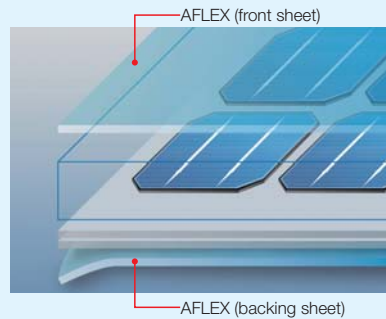


## Environmentally Friendly Products for Photovoltaic Devices

### Fluoropolymer Films “AFLEX”

Used as front and backing sheets to improve the durability and reliability of photovoltaic devices

“AFLEX” has 95% light transmittance from ultraviolet to infrared rays and excellent weatherability. Because of these features, they are used as front sheets for photovoltaic devices and also as backing sheets to contribute to increase the durability and reliability for a range of photovoltaic devices.



Used as a material for bendable flexible photovoltaic devices

“AFLEX” is highly flexible and therefore used also as a material to protect the special silicon, the power generation layers of flexible photovoltaic devices. Because flexible photovoltaic devices can be easily installed and also carried in bags, they are expected to be used as power generation units for notebook PCs and cell phones.



## Environmentally Friendly Products Providing Solutions to Climate Change

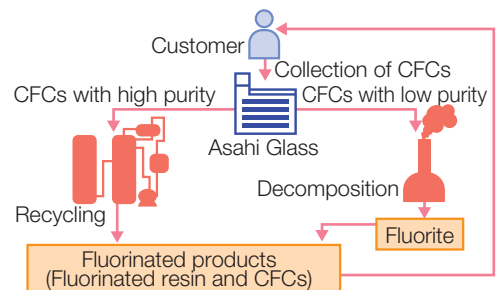
### Developing solvents and coolants with low ODP and GWP

In 1997, the ASAHIKLIN AK225 (ozone depletion potential [ODP]: 0.03) was the only commercialized substitute for CFC-113 (ODP: 0.8 and GWP: 6,130) in regard to electronics substrate cleaning agents and won a Best-of-the Best Stratospheric Ozone Protection Award from the U.S. Environmental Protection Agency (EPA). Moreover, the ASAHIKLIN AE-3000 achieved zero ODP and its GWP was reduced to as low as 580. AGC Group is now making efforts to develop fluorinated solvents and coolants with one-digit GWP.



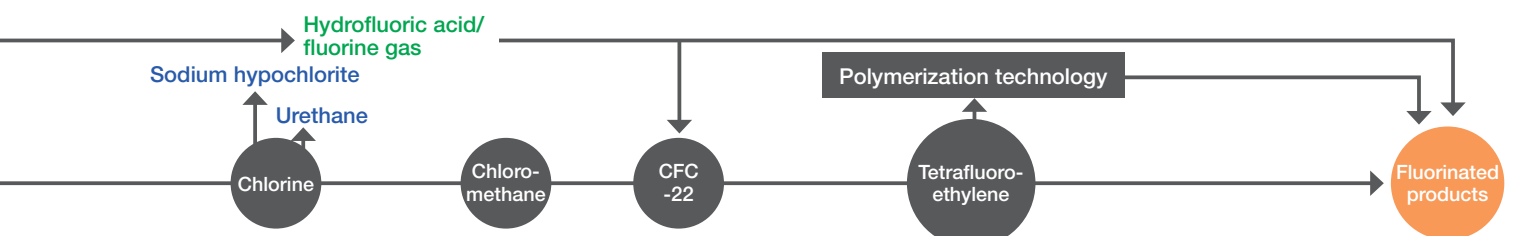
## Recovering and Recycling CFCs

AGC Chemicals Company manufactures HCFCs and HFCs as substitutes for CFCs. To fulfill its responsibility as a manufacturer of these products, which are supplied to home electric appliance manufacturers and automakers, the Chemicals Company has been recovering and recycling used CFCs at Asahi Glass Chiba Plant since 1997. As the GWP of CFC's is in the hundreds to ten thousand times higher than that of CO<sub>2</sub>, recovering and recycling greatly contribute to the prevention of global warming. In fiscal 2009, we recovered and decomposed approximately 685 tons of CFCs.



## Product (use)

## Recycling





# CSR Management

## ● Approach to Corporate Governance

As stated in its basic policy on corporate governance, Asahi Glass clearly separates the function of “oversight” and “execution” of management, aiming to reinforce the management oversight function while ensuring quick decision-making in management execution.

Under this policy, we have been implementing measures to further improve both our management system and internal control system in order to ensure highly transparent and efficient management.

## ● Corporate Governance Structure

As of the end of December 2009, the Board of Directors of Asahi Glass comprised seven directors, including three outside directors. In order to ensure the independence of outside directors, we have established our own selection criteria. We comply with these in-house criteria as well as the provisions on outside directors set forth in the Companies Act.

In fiscal 2009, the average attendance rate of all directors at the meetings of the Board of Directors was 95%.

For the selection and evaluation of directors and executive officers and for their compensation, we have respectively established the Nominating Committee and the Compensation Committee. We entrust these non-statutory advisory committees to deliberate related matters, thereby ensuring the objectivity of any decisions made. As to the compensation of directors (excluding outside directors) and executive officers, we have introduced stock compensation-type stock options allowing them to share benefits with shareholders, and have also introduced performance-linked bonuses for executive officers (including directors who serve also as executive officers). Outside directors, on the other hand, are paid only monthly compensation.

We have also adopted a corporate auditor system. As of the end of December 2009, its Board of Corporate Auditors comprised four corporate auditors including three outside corporate auditors.

## ● Internal Control

In response to the enforcement of the Companies Act, Asahi Glass decided on its corporate policy over internal control at the Board of Directors meeting held in May 2006, aiming to review its business operation systems, including the compliance system (see page 20) based on the policy, to ensure their appropriateness.

After introducing the internal control reporting system in compliance with the Financial Instruments and Exchange Act, we set AGC Group’s rules for internal control over financial reporting. Based on these rules, we proceeded with the documentation of process-level controls over financial reporting, identification of risks and organization of controls, and assessment of the implementation of controls. We then started the full implementation of internal control over financial reporting in fiscal 2009.

## ● Risk Management

Based on its corporate policy over internal control, AGC Group identifies important risk factors and monitors and discusses the state of risk control periodically at meetings of the Management Committee and the Board of Directors.

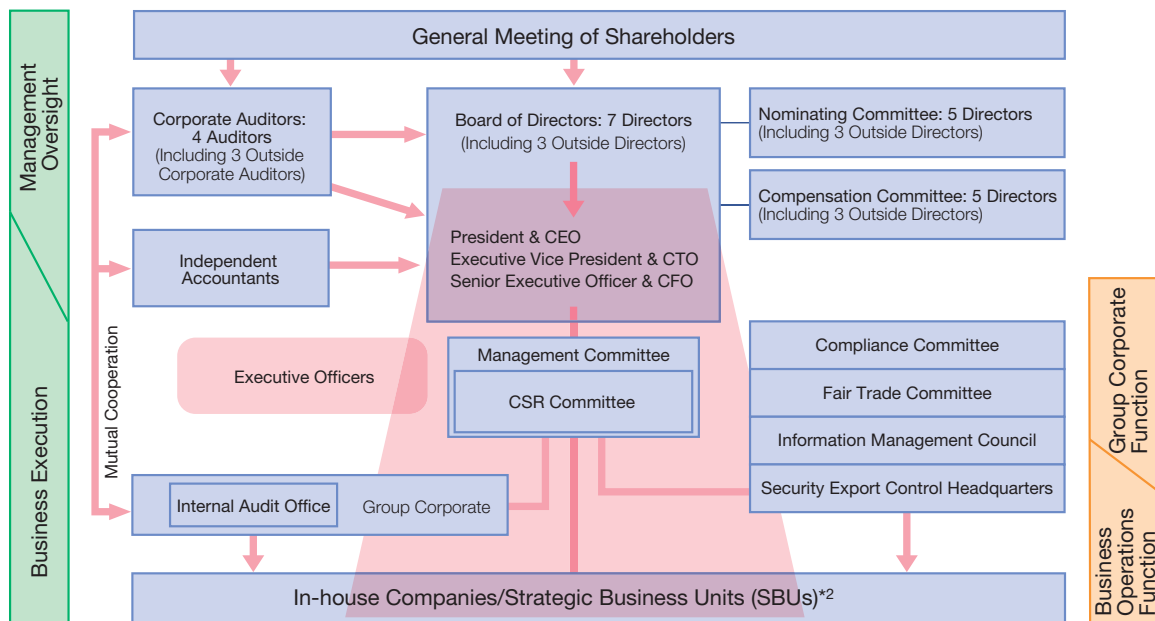
In identifying important risk factors, we conduct questionnaire surveys across the Group to create risk maps and assess risks. The Management Committee and the Board of Directors then discuss the factors at their meetings, and the related organizations formulate action plans to implement the Plan, Do, Check, and Act (PDCA) cycle for the continuous improvement of their risk control levels.

By implementing risk management measures across the Group, we can raise the risk consciousness of the Group members, enhance the quality of response, and prevent the occurrence of problems, and in the event of their actual occurrence, deal with the problems in a prompt and appropriate manner to minimize their impact.

**Risks managed by the entire AGC Group include those related to the following:**

- Procurement of resources
- Product liability
- Occupational accidents
- Greenhouse gases
- Intellectual property rights
- Compliance
- Natural disasters such as earthquakes
- New type influenza
- Soil contamination
- Information security

AGC Group's Corporate Governance Structure (Outline)\*1



\*1. As of March 30, 2010

\*2. An In-house Company is defined as a business unit with net sales exceeding 200 billion yen which conducts its business globally. At present, there are three In-house Companies: the Glass Company, the Electronics Company, and the Chemicals Company. Business units smaller than this are defined as Strategic Business Units (SBUs).

## Business Continuity Management (BCM)

For important risk factors which might cause large-scale accidents and disasters, we are implementing measures to formulate and operate business continuity plans (BCPs). Specifically, we are taking countermeasures against the new type influenza and natural disasters such as earthquakes (see page 39).



Global legal management system– A system to promptly identify and report disputes and litigations occurring across AGC Group on a global basis, and to reduce legal risks: <http://www.agc.co.jp/english/csr/integrity/index.html>

## Internal Audit

AGC Group has established a global internal audit system to manage its organization in Asia including Japan, Europe, and North America. Through this system, independent monitoring is conducted on internal control and risk management measures implemented throughout the Group's organizations in the regions to ensure the effectiveness and efficiency of the measures.

Under this system, the audit departments in each region monitor the progress made in establishing systems of internal control and risk management within their regions, and the legality and

rationality of the implementation of the above systems for further improvement.

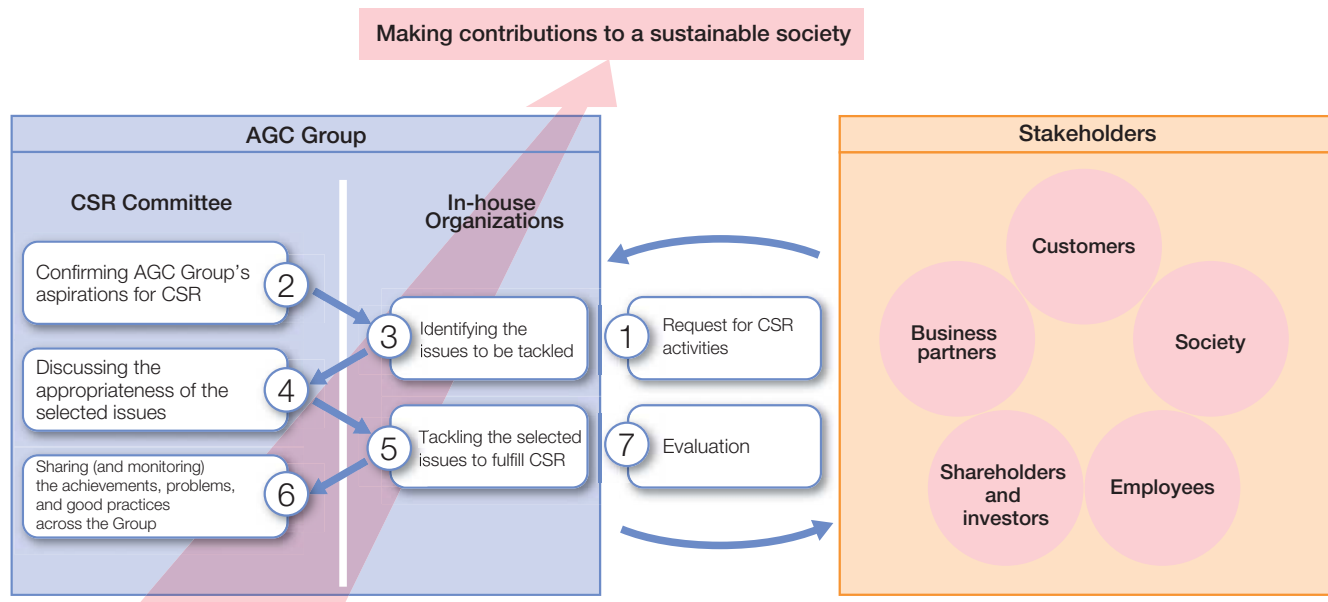
The internal audit results are reported to AGC Group's CEO as necessary as well as its Board of Directors on a periodic basis.

## CSR Promotion System

AGC Group established its CSR Committee in 2005. This Committee, which serves as an organization to lead the fulfillment of CSR by the Group, is chaired by the CEO and composed of the CTO, CFO, and the heads of the in-house organizations. It discusses the Group's CSR-related policies and issues. In fiscal 2009, the Committee held four meetings to discuss these matters and monitor the CSR activities conducted by the in-house organizations. Moreover, we hold monthly meetings of the employees actually engaged in CSR at each organization, where attendees discuss the measures needed to solve specific issues.

In addition, the Group Corporate CSR Office, which is led by a dedicated executive officer, serves as the secretariat for the Committee and its monthly meetings, while taking charge of CSR activity planning and CSR communications for the entire Group.

## AGC Group's PDCA Cycle for CSR Activities



## Obtaining CSR-Related Certification from the Industrial Development Bureau of the Ministry of Industry (Thailand)

AGC Flat Glass (Thailand) Public (AFT), which manufactures and sells various float glass, has long been conducting community relations activities. Specifically, AFT began granting scholarships in 1974 and started providing support to build schools in 1980. In recent years, it has also been engaged in forestation activities and educational support activities in cooperation with the government, NGOs, local citizens, and other corporations.

In order to propel these activities and to fulfill its social responsibility even more, AFT started to build a management system in reference to the draft international standard on CSR (ISO 26000) in April 2009. Subsequently, in September of the same year, the company obtained certification for the system from the Industrial Development Bureau of the Thai Ministry of Industry. This standard deals with all the aspects of corporate activities and is related to all company stakeholders. It simultaneously means to disclose

the wide range of internal and external commitments.

About 500 people participated in the certification award ceremony, which was introduced to people across the country through TV news and the website of the Ministry of Industry. The final version of ISO 26000 will come into force at the end of 2010. AFT will improve its CSR activities through this standard even more to contribute to the creation of a better society.



Award ceremony for the CSR-related certification



## Integrity Sincere Behavior

### Third-Party Opinion



**Mr. Susumu Akiyama**  
Representative Director,  
Principle Consulting Inc.

I believe that global companies need to meet the following three requirements if they really want to foster their compliance management:

- (1) Clarify the values to be shared beyond national boundaries and localize these values in consideration of the specific features of each local area and business operation.
- (2) Ensure that employees understand and always behave in line with the values at their workplaces.
- (3) Review the values on a regular basis and make improvements.

AGC Group seems to already meet these three formal requirements for global compliance management, because (1) it has a code of conduct that is applied on a global scale; (2) it provides employees in various regions with many learning opportunities in consideration of local circumstances; and (3) it is working to improve its reporting flows and to enhance its internal audit system.

I, however, can not see whether the Group is committed to global compliance management in a true sense. I do not either know whether their human resources really behave in line with the corporate code of conduct or whether the Group has enough ability to deal with problems such as quality-related problems through group-wide cooperation beyond national and organizational boundaries. Although I admit that AGC Group seems to be on an advanced level with regard to compliance management, I still hold the abovementioned concerns. If, however, the Group is prepared and ready to address these concerns appropriately, I will admit that it is indeed an excellent corporate group both in name and reality. With great expectations, I look forward to seeing how AGC Group will develop itself in the future.

## Targets, Results, and Self-Evaluation of the CSR Activities

In this report, we show the targets and results of fiscal 2009 and the targets for fiscal 2010 for each theme of our CSR activities.

As for the results of fiscal 2009, we self-evaluate them on a scale from A to C. We will continue to improve our CSR activities by self-evaluating the results.

### Criteria for Self-Evaluation

- A: Satisfactory level, in which the intended target has been achieved
- B: Almost satisfactory level, in which a part of the intended target has not yet been achieved
- C: Unsatisfactory level, in which the intended target has not been achieved



Targets for fiscal 2009	Results in fiscal 2009	Self-evaluation	Targets for fiscal 2010
<p><b>1 To promote compliance with the Code of Conduct and the use of Help-Lines</b></p> <ul style="list-style-type: none"> <li>To promote compliance with AGC Group Code of Conduct across the Group (to take necessary measures, including providing training and publishing the pocket editions of the Code)</li> <li>To expand the scope of employees for the submission of certification</li> <li>To increase the number of Help-Lines and to promote an appropriate use of these lines</li> </ul>	<ul style="list-style-type: none"> <li>Compliance training was continuously provided in both online and face-to-face formats and the Code of Conduct pocket cards were distributed to employees in Japan and China.</li> <li>Sixty-eight percent of all employees in the Group submitted the personal certifications.</li> <li>The Help-Lines received 404 contacts in total.</li> </ul>	A	<p><b>1 To promote compliance and the use of Help-Lines</b></p> <ul style="list-style-type: none"> <li>To continue to provide online and to enhance face-to-face training on compliance (AGC Group)</li> <li>To revise the Help Line awareness raising poster and distribute its copies (AGC Group companies in Japan and North America)</li> </ul>
<p><b>2 To further strengthen education and audits on compliance with antitrust laws and expand their reach</b></p>	<ul style="list-style-type: none"> <li>The number of employees who received online education (e-learning) reached about 2,500, and the number who received face-to-face education was approx 1,100. Face-to-face education is now up and running in Russia has begun.</li> <li>Twelve sites and departments were internally audited.</li> </ul>	A	<p><b>2 To further strengthen education and audits on compliance with antitrust laws (AGC Group)</b></p>
<p><b>3 To enhance self-check on information security</b></p> <ul style="list-style-type: none"> <li>To expand the range of Group companies targeted for self-check on information security and launch the same initiative in North America</li> </ul>	<ul style="list-style-type: none"> <li>Self-check on information security began at Group companies in North America and the number of employees covered totaled about 12,000</li> </ul>	B*1	<p><b>3 To enhance education on information security</b></p> <ul style="list-style-type: none"> <li>To provide online education to information security facilitators (AGC Group companies in Asia, including Japan)</li> <li>To plan education for information managers and information security facilitators (AGC Group)</li> </ul>

\*1. Reason for B evaluation: Self-evaluation was not made as planned in Group companies in Europe.

Targets for fiscal 2009	Results in fiscal 2009	Self-evaluation	Targets for fiscal 2010
<p><b>1 To conduct purchasing activities in line with AGC Group Code of Conduct</b></p> <ul style="list-style-type: none"> <li>To raise the awareness of AGC Group Purchasing Policy across business partners and apply the revised terms and conditions of the basic purchasing agreement to more business partners</li> </ul>	<ul style="list-style-type: none"> <li>The CSR Report 2009, in which the Purchasing Policy was stated, was sent to about 160 major business partners to make them aware of the policy.</li> </ul>	A	<p><b>1 To conduct purchasing activities in line with AGC Group Code of Conduct</b></p> <ul style="list-style-type: none"> <li>To increase business partners' awareness of the Purchasing Policy on a global scale (AGC Group)</li> </ul>

Targets for fiscal 2009	Results in fiscal 2009	Self-evaluation	Targets for fiscal 2010
<p><b>1 To further improve the quality of products and services</b></p> <ul style="list-style-type: none"> <li>To conduct product quality audits across the Group</li> <li>To educate, enlighten, and raise the awareness of employees on product quality</li> </ul>	<ul style="list-style-type: none"> <li>Product quality audits were carried out at 17 sites across the Group.</li> <li>Employees received education on quality compliance at five sites.</li> </ul>	B*2	<p><b>1 To further improve the quality of products and services</b></p> <ul style="list-style-type: none"> <li>To build a foundation to reduce downside risks related to product quality (AGC Group)</li> <li>To further educate and enlighten employees for the reduction of product quality-related risks (AGC Group)</li> </ul>
<p><b>2 To conduct activities to "incorporate the concept of CS into each employee's daily work processes" and improve management quality</b></p> <ul style="list-style-type: none"> <li>To improve CS activities on a continual basis by improving the CS activity support process</li> <li>To foster CS activities on a global scale in consideration of local cultures, customs, etc.</li> </ul>	<ul style="list-style-type: none"> <li>A self-assessment program focusing on management quality was introduced at Group companies globally.</li> <li>The CS Seminar was held at three Group companies (13 times) and CS Dialogue at one Group company (three times), at Group companies in Asia.</li> </ul>	B*3	<p><b>2 To conduct activities to "incorporate the concept of CS into each employee's daily work processes" and improve management quality</b></p> <ul style="list-style-type: none"> <li>To improve CS activities on a continual basis by improving the CS activity support process and provide opportunities for employees to share successful examples (AGC Group)</li> </ul>

\*2. Reason for B evaluation: Constructing an awareness-raising system utilizing internal examples has been delayed as planned.

\*3. Reason for B evaluation: The self-evaluation program was implemented only three times, thus less frequently than planned (five times).

### Highlights of Activities in 2009

For AGC Group to be more recognized as a globally significant corporate entity, we must share high corporate ethics across the Group and behave in consideration of the cultures and customs of the countries and regions in which we operate. To this end, AGC

Group companies hold compliance meetings in their respective countries and regions to improve their compliance levels in cooperation with one another.

#### Holding Compliance Meetings within Each Country and Region (Asia Including Japan)

In Asia including Japan, directors and managers in charge of compliance at each Group company in the region started to meet periodically in 2008 by country and region. In fiscal 2009, such meetings were held in Singapore, Thailand, China, Indonesia, South Korea, and Taiwan, where participants share information about AGC Group's policies and measures, set benchmarks based on successful examples, and proactively exchanged

opinions about the activities and problems they face.



Compliance meeting in Indonesia



Compliance meeting in Thailand



Compliance meeting in South Korea

# Basis for Fair and Transparent Corporate Activities

The AGC Group is committed to increasing the fairness and transparency of its business operations, regarding strict compliance as the basis for Our Shared Value, Integrity, and as a premise for its sustainability as a corporate citizen.

## ● Global Compliance System

In order to make all employees of the AGC Group aware of the importance of compliance, we have implemented compliance programs as an important component of the global compliance system. Furthermore, we periodically collect compliance-related information in order to utilize it for strengthening our compliance programs and monitoring activities. The collected information, which is reported to the Board of Directors and the CSR Committee, is also shared with the In-House Companies and SBUs.


Any serious noncompliance is to be promptly reported to management through the compliance reporting system so that appropriate countermeasures can be taken in a timely manner.

## ● Code of Conduct

The AGC Group Code of Conduct applies to all Group companies and is at the heart of all efforts to achieve the goal of permeating the value of Integrity across the Group.

The AGC Group Code of Conduct is composed of a set of common fundamental global principles that all Group companies and employees must follow and regional supplements that apply to individual regions. Each regional supplement includes explanations about the differences in laws and commercial customs of the various countries that are within that region. All regional supplements are entirely consistent with the Group Code of Conduct's common fundamental global principles.

We hold briefing sessions and provide necessary training, such as on-line training, to educate all employees about the AGC Group Code of Conduct and their obligations to comply with it.

 AGC Group Code of Conduct's common fundamental global principles (entire document)  
For more information, see [http://www.agc.co.jp/english/csr/integrity/pdf/active\\_st2009.pdf](http://www.agc.co.jp/english/csr/integrity/pdf/active_st2009.pdf)

### Compliance education provided in fiscal 2009 (AGC Group)

- Number of employees receiving online training (e-learning): approx. 15,400
- Number of employees receiving offline communication: approx. 8,100\*1

\*1. Number of employees receiving the offline communication directly provided by the Compliance Committee of Asahi Glass targeting in Asia, Europe, and North America as well as those in Japan. (Excluding education designed for all employees conducted by each Group Company)



Discussing global measures through regular meetings with top management

## ● Compliance Certificate


The AGC Group has a program whereby employees submit certificates of compliance with the Code of Conduct on a regular basis. This program is designed to encourage employees to renew their recognition of the importance of compliance and to review their companies' operations and workplaces for adherence to compliance requirements. In the future, we aim to collect compliance certificates from all Group employees.

In fiscal 2009, approximately 32,700 employees, or 68% of all Group employees, submitted compliance certifications, whereas 31,000 employees, or 64%, did so in fiscal 2008. At Asahi Glass, all employees, including part-timers, submitted certificates.

## ● Compliance Help Lines

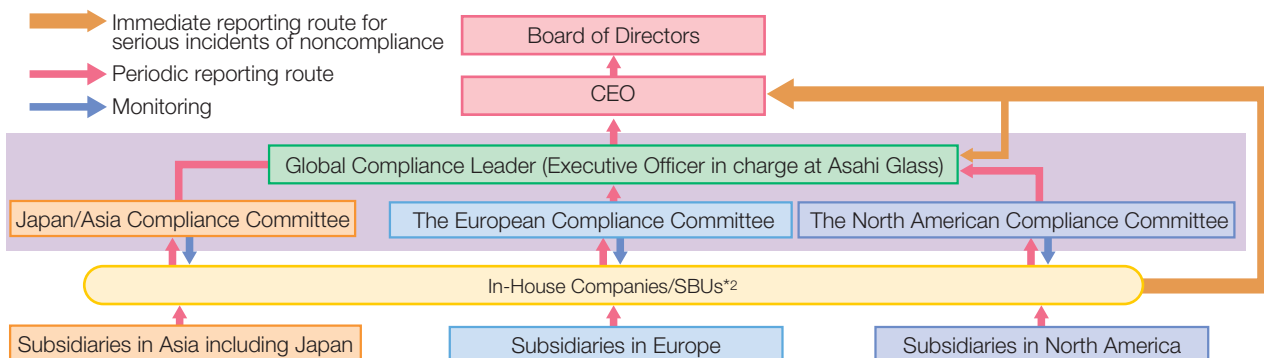
The AGC Group's Help Lines, which we have in place to enhance our entire compliance program in Asia (including Japan), Europe and North America, serve as contact points allowing employees to report and make inquiries regarding compliance-related issues. We are committed to protecting the anonymity of those contacting the Help Lines. We also encourage employees to make contacts to the Help Lines using their own names so that we can contact them for more information and are able to provide feedback to them as appropriate. We strictly prohibit acts of retaliation against persons who in good faith use the Help Lines.

In fiscal 2009, the Help Lines received a total of 404 contacts from employees of the entire AGC Group — 46 of whom were employees of Asahi Glass and domestic Group companies. We have regional Help Lines in Japan, South Korea and Taiwan, as well as in Europe, North America and China.

 For more information about the Help Line Reporting Route (Asahi Glass), see <http://www.agc.co.jp/english/csr/compliance/>

## Global Compliance System

A system to plan, formulate, implement, and monitor compliance programs in the AGC Group



\*2. Strategic Business Units (SBUs)

● Compliance with Antitrust Laws

The AGC Group takes seriously the fines imposed on its subsidiaries by the European Commission in 2007 and 2008 for anticompetitive behavior. In order to prevent the reoccurrence of past incidents, the Group has been implementing various measures, including providing compliance education on antitrust laws to each region and organization, monitoring participation in trade organizations, and conducting antitrust law-related audits.

**Measures implemented in fiscal 2009 to prevent noncompliance with antitrust laws (AGC Group)**

- Number of employees receiving online education (e-learning): approx. 2,500
- Number of employees receiving face-to-face education: approx. 1,100
- Number of audited sites: 12 locations and divisions



Spreading compliance through dialogue

AGC Electronics Company  
Business Administration office  
Legal compliance group leader  
Masahiro Teraoka

AGC Electronics Company considers the PDCA cycle for boosting compliance awareness to be planning (“Plan”), education (“Do”), audit (“Check”), and dialogue (“Check” and “Action”). In fiscal 2009, the company hosted a “compliance dialogue” at the plants and group companies under the Display Business Division. In particular, we chose the theme “How to respond to business partners” and conducted trainings on respecting human rights, improving manners when responding to business partners, and building fair and transparent relations with business partners. In addition, we held a dialogue with employees in charge of compliance with the Financial Instruments and Exchange Act (J-SOX, or Japanese Sarbanes -Oxley Act) and conducted a hearing about problems, feedback, and items requiring improvements. These opinions will be used to improve internal control in the future. By conducting the PDCA cycle, we hope to continue conducting these activities so that compliance awareness will take root throughout the AGC Electronics Company in Japan, Taiwan, South Korea, and Thailand.

● Information Security

The Asahi Group manages confidential information based on its Information Security Policy and Standard (formulated in 2001) and its information security guidelines (published in 2007). Also, we are steadily implementing a Plan, Do, Check, and Act (PDCA) cycle for information security through education, involving such activities as e-learning, self-checks, and internal audits.

In fiscal 2009, we issued a warning group-wide about not removing information assets from the office, handling of User ID, anti-virus measures, and the careful handling of information devices and other mediums. In addition, we have expanded the range of companies targeted for self-checking information security to include almost all Group companies. In addition, we strengthened activities aimed at promoting information security at Asian Group companies by directly communicating with AGC Asahi Glass officials.

In fiscal 2010, we will strengthen our group-wide activities aimed at promoting information security through steady implementation of information-asset management, information security education, and training of secretariat officials. In addition, we will implement various measures to raise our information management level in consideration of the situations of each of our bases and the regional circumstances.

**Self-check on information security implemented in fiscal 2009 (AGC Group)**

- Asahi Glass: approx. 4,200 employees (up by 400 from fiscal 2008)
- Other Group companies in Japan: approx. 3,900 employees (up 200 from fiscal 2008)
- Group companies in Asia: approx. 3,000 employees (up 300 from fiscal 2008)
- Group companies in North America: approx. 600 employees (commenced in fiscal 2009)

Conducting the compliance education for all European shop floor

Following its compliance e-learning for white collar, AGC Glass Europe (AGEU), which manufactures and sells raw float glass and processed glass for the construction, automotive and solar industries, conducted the training for shop floor such as briefing on the Code of Conduct in every European country where there are AGEU bases. However, the training process varies from country to country, as attested by the cases of Italy and Hungary.

In Italy, all the shop floor receives the relevant summary of the Group Code of Conduct. They are then asked to fill in a questionnaire and sign it for checking their comprehension of the Code. In the automotive glass factory in Tatabánya, Hungary, shop floor sign a record sheet to demonstrate their understanding of the

Code and commitment on it after classroom training by the specialized staff.

In early 2010, AGEU aims to establish the standard compliance training basis for all shop floor, whatever the country in order to spread the shared compliance culture throughout the organization.



Compliance education for shop floor



# CSR Promotion in Cooperation with Business Partners

For the fulfillment of its CSR, AGC Group believes it essential to cooperate with business partners who are the members of the Group's supply chain. Based on this belief, we will press forward with CSR measures in cooperation with our business partners.

## AGC Group Purchasing Policy

AGC Group values the idea of the Group Vision **"Look Beyond"** and the "AGC Group Charter of Corporate Behavior" and will regulate our performances on purchasing which are explicitly stated in the following "AGC Group Purchasing Policy"

### 1. Basic Purchasing Principle

#### (1) Fair & Equitable trade

Our procurement policy is to consistently search for innovative technologies, product and services with a "Fair" and "Equitable" manner globally.

#### (2) Compliance to related Laws & Regulations, and Pro-environment behavior

AGC Group will comply with the applicable laws and regulations of each country where our procurement takes place, and give due regard to safety and environment.

#### (3) Partnership

AGC Group will establish a long-term, mutual prosperous partnership, based on our shared vision, to produce a better product with our business partners. To this end, we shall endeavor to keep close communication with our business partners to build and enhance our trusting relationship.

#### (4) Protection of information, intellectual property and other assets

AGC Group will properly manage and protect the proprietary information, intellectual property and assets of our business partners while procuring goods and services.

### 2. Criteria for Selecting Business Partners

AGC Group will apply key criteria to evaluate and select business partners, as follows.

#### (1) Sound management, Steady supply and Flexibility to match with the fluctuating demand.

#### (2) Appropriate Quality, Pricing, Delivery date punctuality and technical service level.

### 3. Expectation of Business Partners

The AGC Group strives to be a company trusted by all its stakeholders, a company that meets the expectations of the world business community to grow and develop responsibility, and a company that significantly contributes to a healthier global society.

Essentially, CSR activities are performed on voluntary basis initiated by each individual company. However, for the AGC group, to pursue the CSR policy, it is imperative for all the supply-chain linked companies to pursue their individual CSR activities as well. Accordingly, to enable us to jointly work with our business partners, we kindly ask our partners to understand our policy and to cooperate.

The factors related with our Business Partners are,

#### (1) Concentrate to supply products and services with good quality, considering Safety & Environment and Compliance to Laws & Regulations of each country.

#### (2) Secure and proper managing of Proprietary information and Intellectual property.

#### (3) Not to be engaged to forced labor or child labor and never tolerate infringements of human rights.

#### (4) Make efforts to environment preservation and ensuring safety and security.

#### (5) Maintain adequate level of occupational health and safety.

## ● Ensuring Fair Purchasing Practices

In 2004 Asahi Glass adopted an ombudsman system for purchasing and has since been implementing the system to ensure transparency in its procurement activities and prevent misconduct. Under this system, business partners are able to report any problems concerning deals with AGC Group companies in writing to the General Manager of the Purchase and Logistics

Center of Asahi Glass. We strictly respect the confidentiality of our business partners who make such reports and promptly implement measures to solve any identified problems.

In addition, we formulated AGC Group Purchasing Policy in 2009 and ask our business partners to support us in conducting purchasing activities in line with this policy. In the future, we will globally raise the awareness of the policy.

## Conducting a Satisfaction Survey to Improve the Relations of Trust with Business Partners

From October to November 2009, Asahi Glass conducted a questionnaire survey among its approximately 170 major business partners to measure their levels of satisfaction with the company. The survey, which was started in fiscal 2008, is designed to help us maintain and improve the relations of trust with respondents and develop together as partners who aim to manufacture better products.

The survey results indicate that we were able to make improvements reflecting the results from previous survey, to our business attitude toward and communications with our business partners. From respondents, however, we have also received requests for closer communications and better treatment as well as proposals

that will be beneficial to both sides. We sincerely accepted the results and will use them for future improvement.



Questionnaire targeting business partners

● **Compliance with the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers**

Contract workers and temporary workers dispatched from employment agencies play an important role in the business of Asahi Glass. In light of this, we formulated the in-house guidelines for the proper treatment of these workers and held briefing sessions at each of our plants to make them fully aware of the guidelines. Moreover, we have been providing employees and managers in charge with appropriate education to encourage them to make proper responses to the so-called 2009 problem on the employment periods of dispatched workers and prevent the illegal mid-term cancellation of contracts with these workers.

● **Compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors**

Asahi Glass checks the details of agreements with subcontractors and is educating employees and managers in charge of subcontractor matters to comply with the Act, in order to ensure fair trade with subcontractors. We are also working to improve education methods through such measures as e-learning.

● **Cooperation with Business Partners**

AGC Group conducts its business in cooperation with a large number of business partners, and implements a range of measures with the entire supply chain.

For occupational health and safety, we hold lectures on health and safety given by invited external speakers, and tours to the plants of other companies with excellent safety records in cooperation with our business partners. We thus ensure the health and safety of employees based on strong ties built with the partners, with whom we also exchange information about the new type influenza.

As for contract workers and temporary workers dispatched from employment agencies, we hold seminars jointly with business partners to ensure the legal employment of these workers. For example, we held seminars to introduce AGC Group's related measures and invited external lecturers to make presentations.

Furthermore, we hold seminars for business partners, with a view to fostering quality manufacturing and personal growth enhancement throughout the supply chain.



Training program for cooperating companies

● **Green Procurement**

AGC Group is implementing its procurement criteria, which now includes environmental friendliness as one of the items, eventually to deliver environmentally friendly products to customers. We operate in a range of fields, including glass, electronics, and chemicals in which we deal with materials that have different properties. In view of this fact, we have established green procurement guidelines for each of our In-house Companies/SBUs under "AGC Group Integrated Green Procurement Guideline." Based on these guidelines we manage the procurement of materials in a manner that is suitable for them in cooperation with our business partners.

In fiscal 2009, we revised the green procurement guideline for the automotive glass business, and held briefing sessions for related business partners and asked them to cooperate in our procurement activities.



Inspired by Participating in a Plant Tour and Sharing Safety-Related Information in a Seminar

Mr. Minoru Hidaka  
Mishima Kosan Co., Ltd.

I participated in a training seminar held by AGC Group and felt that the Group had chosen a timely theme for the seminar. At the seminar, I was also able to exchange information with the heads of the Group's In-house Companies/SBUs, which would help me deal with rapid changes in the manufacturing environment, and review the important points to ensure compliance with the law on dispatched workers. The safety assessor program and risk assessment for machinery design which the Group has been implementing were also introduced to participants, which provided useful tips for our own occupational health and safety activities. I was greatly inspired by the seminar: it gave me an opportunity to obtain firsthand knowledge and share information about safety-related activities.

**Conference and Presentation of Letters of Thanks for Business Partners**

AGC Group has been holding an annual conference for business partners since 1997, wanting to share information with the partners for the enhancement of business operations across its supply chain. The FY2009 conference was attended by about 250 people from companies engaged in a range of industries. At the event, President Ishimura (then COO of AGC Group) explained the Group's medium-term management plan and its growth strategies to participants. He also encouraged them to take the initiative in suggesting new products and businesses for their mutual customers. Subsequently, letters of thanks were awarded to five companies in recognition of their special cooperation with AGC Group.



A commemorative photo with business partners who received letters of thanks

# Increase Customer Satisfaction and Win Their Trust

AGC Group is committed to improving quality in every aspect of its business operations by implementing process reform to improve the quality of its products and services in order to increase customer satisfaction and by changing employee's ways of thinking based on the idea of incorporating the concept of CS into each employee's daily work processes.

## ● Quality Management

AGC Group is committed to developing high-quality products and services for customers in order to increase their satisfaction and win their trust while giving due consideration to safety and the environment. To this end, we have established and have been implementing quality management systems at each of our In-house Companies/SBUs in reference to ISO 9001 and other standards. In fiscal 2009, in addition to internal quality audits by each of the In-house Companies/SBUs, the Group Corporate CSR Office began making group-wide quality audits to check the effectiveness of the quality management systems. We will continue to enhance the effectiveness and efficiency of the systems to ensure strict quality management.

As of the end of December 2009, we have acquired the ISO 9001 and ISO/TS 16949 certifications for our quality management systems as shown below.

### Acquisition of ISO 9001 and ISO/TS 16949\*1 Certification

Location	Number of certified organizations
Japan	32
Asia	23
Europe	53
North America	14
Total	122

\* Percentage of AGC Group employees at the certified organizations: 84% (as of the end of December 2009)

\*1. Standards for quality management systems to be applied in the automobile industry, which require compliance with the global procurement criteria for automobile parts



Conducting Product Quality Audits from the Viewpoints of Manufacturing Sites in the Automotive Glass Business.

Kazuya Kono  
Quality Assurance Office, Japan/Asia Business Division  
AGC Glass Company

I believe it important to conduct product quality audits from the viewpoints of those who are to be audited. If we make product quality audits of our manufacturing sites to simply point out problems from the viewpoint of the head office, we cannot persuade the workers, who are busy carrying out their daily tasks, to make strenuous efforts to solve any identified problems. Our auditing team therefore makes it its rule to conduct the audits keeping the following points always in mind as "DNA" of the team:

- (1) Use the audits to provide the manufacturing sites with useful opportunities to become aware of a problem, instead of simply pointing out problems to them
- (2) Encourage them to make improvements voluntarily instead of forcing them to do so
- (3) Make improvements for open and frank communications with the manufacturing sites

By auditing our manufacturing sites from the workers' viewpoints, we have been able to encourage them to proactively make improvements, which in turn helps reduce the number of complaints about the products.

We will continue to foster communication with the manufacturing sites and improve our product quality audits keeping the aforementioned tips in mind.

## ● Quality Compliance

### Ensuring Compliance with Product-Related Laws and Regulations

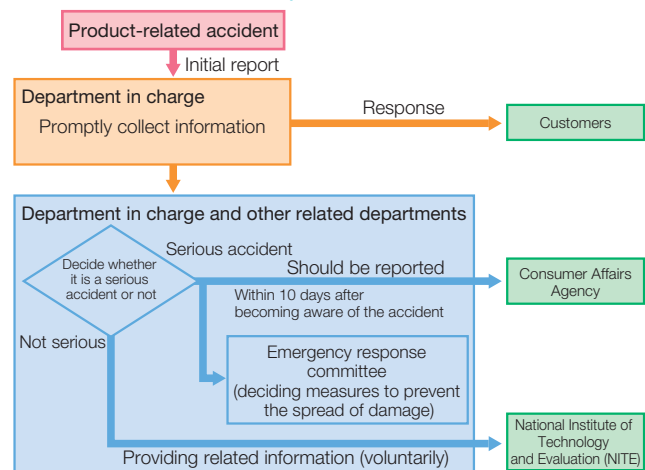
AGC Group (Japan) clarifies the legal and regulatory requirements to be met by its products by creating a list of these requirements for each of the In-house Companies/SBUs, thereby ensuring compliance with the related laws and regulations. The list is reviewed once a year and used to check if the legal requirements are being appropriately met.

### Compliance with the Consumer Product Safety Act

Under the Consumer Product Safety Act in Japan, manufacturers who have become aware of a serious product-related accident must notify the Consumer Affairs Agency of the fact within 10 days. Asahi Glass has established rules for compliance with this law and is implementing a system to report any product-related accidents and prevent the spread of any resultant damage based on the rules. Moreover, we annually hold a briefing session for employees in charge so that they can make prompt responses in the event of a serious product-related accident.

In fiscal 2009, we had no serious product-related accident.

### Reporting Flow for Serious Product-Related Accidents Under the Consumer Product Safety Act



## ● Education on Product Quality

AGC Group provides education on product quality at each of its In-house Companies/SBUs in consideration of their business features. In addition, we provide education on quality compliance using the actual examples of product-related problems. In fiscal 2009, quality compliance education was provided at five sites of Group companies in Japan.

### Encouraging Employees to Acquire the Quality Control (QC) Certificate

AGC Group (Japan) is encouraging employees to acquire a certificate on quality control (QC) issued by the Japanese Society for Quality Control, with a view to increasing their awareness of quality control and improving product quality. The society issues certificates on knowledge of quality control. In fiscal 2009, a total of 192 employees passed the certification examination.




● Measures to Increase Customer Satisfaction (CS)

AGC Group is encouraging all employees to participate through their day-to-day work in the enhancement of customer satisfaction under the slogan of “incorporating the concept of CS into each employee’s daily work processes.”

CS is an abbreviation for customer satisfaction, but we do not limit “customers” to our customers in the market. We include “people and organizations who receive work-in-process within the Group” in our definition of customers. In our CS activities, employees identify the problems to be solved from the viewpoints of their customers and add value in the course of various processes, with the ultimate aim of providing products and services of higher value and reliability to our customers in the market.

In fiscal 2009, some Group companies, in addition to Asahi Glass, began implementing measures to evaluate their own business operations focusing on management quality, which will help the Group incorporate CS into its “DNA” and achieve growth within the rapidly changing business environment.

 Steps for incorporating the concept of CS into each employee’s daily work processes:  
<http://www.agc.co.jp/english/csr/integrity/cs01.html>

● CS Education

AGC Group provides employees with CS education to encourage them to incorporate the concept of CS into their daily work processes and offer more value to their customers. This education is given in consideration of the features of each organization and department of the Group. Specifically, we have developed the CS Seminar and CS Dialogue, whose details differ depending on who it is targeted at. At the CS Seminar, employees learn about “CS” and “communication or the quality management system”. Over the period from the launch of the CS Seminar in 2005 to the end of fiscal 2009, a total of 262 seminars were held, in which a total of 5,194 employees participated.

CS Education and Training Given in Fiscal 2009

Name	Target	Theme	Number of participants
CS Dialogue	Mainly managers	Business administration incorporating the concept of CS	258 participants in 20 meetings (40 participants in three meetings overseas)
CS Seminar	Managers and general employees	Basics and tips for CS	1,586 participants in 95 meetings (224 participants in 13 meetings overseas)

● CS Commendation

AGC Group awards “CS commendation” under its commendation system (see page 44). CS commendation is awarded to individuals and organizations that have achieved great results by incorporating the concept of CS into their daily work processes and changing their traditional ways of operation. Their excellent activities are introduced across the Group to encourage the entire Group to make concerted efforts for CS. In fiscal 2009, 24 individuals and teams and six organizations were awarded CS commendation.

Increasing Process Efficiency and Product Quality through Improvement in Customer Satisfaction of Quality Assurance Business



Quality Assurance Department  
AGC Display Glass Taiwan

At the Quality Assurance Department of AGC Display Glass Taiwan, which manufactures glass substrates for LCDs, each employee has been committed to incorporating the concept of CS into their daily work processes.

Specifically, employees of the department directly interviewed internal customers to ask for their evaluation and to give feedback on the services and the value they received. Based on the interview results, the employees have been conducting improvement activities, including changing the communication procedures to be followed in the event of quality problems. These activities have contributed to improving the work efficiency and product quality of the entire company. They will continue to conduct the activities, believing that these activities will eventually help them increase the satisfaction of their external customers.

Promptly and Effectively Responding to Various Inquiries from Customers

AGC Chemicals Company receives various inquiries from a range of customers. In order to make prompt and effective responses to these inquiries, the In-house Company established its Customer Service Team in 2007 to deal with all the inquiries made to the company. At present, this team responds to more than 3,000 inquiries a year, which include inquiries about quality, the environment, chemical substances used in the company’s products, and CSR as well as about its products. Moreover, the company has built up a database of past inquiries, which is accessible through the intranet for employees not only to make more prompt and effective responses to customers but also to identify the potential needs of customers for the development of new products.

AGC Chemicals Company will continue to make improvements to increase customer satisfaction and implement its mission, “Chemistry for a Blue Planet.”



Members of AGC Chemicals Company’s Customer Service Team



## Environment and Safety With Due Consideration



### Third-Party Opinion



Professor  
Katsuhiko Kokubu  
Graduate School of Business  
Administration, Kobe University

The most striking feature of AGC Group's environmental management is that the Group shows how it approaches environmental management in its "Aspirations for 2020," which represent our top commitment, and the Group is implementing specific measures to fulfill the aspirations. AGC Group defines environmental management not simply as implementing environmental conservation activities but as an essential part of its business management. In light of this, we can expect that AGC Group will conduct environmental management in a steadier and more substantial manner in the future.

In particular, it should be highly evaluated that the Group is implementing a range of initiatives to "Deliver technology solutions for climate change." It is especially important that they are working to improve the energy efficiency of their own manufacturing processes and transportation activities in addition to providing society with environmentally friendly products. Companies can succeed in environmental management only when they implement measures for both their products and processes. People tend to pay attention only to eco-friendly products but if a company really wants to reduce its environmental impact, it needs to implement comprehensive measures not only for its products but also for processes. AGC Group's activities are indeed appreciable in this point, too. It also merits noting that the Group promises to continue making investments in environmental R&D on the page of environmental accounting in this report. Such R&D would indeed contribute to the fulfillment of the Group's social responsibilities.

AGC Group has also made improvements in environmental management using the AGC Environmental Indicator and Asahi Glass has achieved zero emissions on an unconsolidated basis. In the future, I suggest that AGC Group could focus more on improvements made through the innovations of its manufacturing processes. I expect that the Group will increase its resource productivity as a whole and build and show a corporate model for the solution for climate change instead of simply showing end-of-pipe-style information.

## Third-Party Opinion



Professor  
**Masao Mukaidono**  
Department of Computer  
Science, Meiji University

For companies to foster their occupational health and safety activities, it is essential that they improve the effectiveness of risk assessment (RA)\*1 in implementing their occupational health and safety management systems (OHSMS). RA should be carried out in each of the design, installation, and use phases of mechanical equipment and it is especially important to conduct RA in the design and installation phases. In the past, RA was mainly carried out in the use phase, but in fact RA should be performed without fail in the design and installation phases as well, and the information obtained in these phases should be communicated to the next phase.

AGC Group attributes importance to RA in the implementation of its OHSMS and promotes RA not only in the use phase but also in the design and installation phases. This is indeed a pioneering approach. Moreover, starting in fiscal 2010, the Group will mandate RA in the design phase of equipment to be delivered to the Group by external companies, which is a noteworthy approach that will bear a great impact on mechanical safety in Japan. I expect that the Group will “visualize” the information obtained from RA in the design, installation, and use phases of equipment and appropriately communicate the visualized information to build a safety culture and provide safer workplaces as a manufacturing company that leads others in terms of mechanical safety.

In order to ensure the effectiveness of RA conducted in the design, installation, and use phases, it is also important to provide enough training to those in charge of RA. In particular, for a global company like AGC, it would be necessary to establish a common training system for all employees working in different countries and regions, who have different ideas and awareness levels about safety. It is great that AGC Group has adopted a qualified safety assessor system\*2 and will expand it to include cooperating companies in Japan and Group companies in Asia in the targets of the system. I hope that the Group will continue to make concerted efforts toward building an ever greater level of safety on a continual basis.

\*1. and \*2. For details of RA and the safety assessor program, see page 40.



**Environmental Activities** Page 29

Targets for fiscal 2009	Results in fiscal 2009	Self-evaluation	Targets for fiscal 2010
<p><b>1 To implement an integrated environmental management system (Integrated EMS) on a global basis</b></p> <ul style="list-style-type: none"> <li>To implement measures to achieve zero emissions on a global basis</li> </ul>	<ul style="list-style-type: none"> <li>Asahi Glass achieved zero emissions.</li> <li>Four AGC Group companies in South Korea achieved zero emissions (see page 33).</li> </ul>	A	<p><b>1 To further implement an integrated EMS on a global basis</b></p>
<p><b>2 To set environmental targets and implement measures for their achievement**1</b></p> <ul style="list-style-type: none"> <li>To reduce CO<sub>2</sub> emissions by approx 1% from the average value for 2006 and 2007 during the first commitment period of the Kyoto Protocol (Asahi Glass)</li> <li>To implement measures to achieve a 40% reduction in VOC emissions from the fiscal 2001 level in fiscal 2010 (Asahi Glass)</li> </ul>	<ul style="list-style-type: none"> <li>Reduced CO<sub>2</sub> emissions by 1% from the average value for 2006 and 2007 in fiscal 2009 (Asahi Glass)</li> <li>Reduced VOC emissions by 46% from the fiscal 2001 level in fiscal 2009 (Asahi Glass)</li> </ul>	A	<p><b>2 To implement measures to achieve the environmental targets</b></p>
<p><b>3 To promote development, manufacturing and sales of environmentally friendly products</b></p>	<ul style="list-style-type: none"> <li>Developed, manufactured, and sold environmentally friendly products, such as parts and materials for solar devices (see pages 10 to 15 and page 38)</li> </ul>	B*2	<p><b>3 To foster energy conservation and anti-climate change measures</b></p> <p><b>4 To build a comprehensive system to manage chemical substances</b></p>

\*1. In addition, Asahi Glass has set the AGC Environmental Indicator to analyze the environmental impact from its manufacturing activities in an objective manner, and has been reducing its environmental impact by clearly determining priorities based on this indicator (see page 30).  
 \*2. Reason for B evaluation: No effective system has been built for the expansion of environmentally friendly products.

**Industrial Safety & Security** Page 39

Targets for fiscal 2009	Results in fiscal 2009	Self-evaluation	Targets for fiscal 2010
<p><b>1 To enhance management based on BCPs</b></p> <ul style="list-style-type: none"> <li>To formulate BCPs against earthquakes at sites in Japan</li> </ul>	<ul style="list-style-type: none"> <li>Began establishing BCPs against the new type influenza (AGC Group)</li> <li>Formulated BCPs against earthquakes at manufacturing sites in areas vulnerable to earthquakes (AGC Group in Japan)</li> </ul>	B*3	<p><b>1 To enhance management mainly through BCM</b></p> <ul style="list-style-type: none"> <li>To foster risk-specific BCM at each In-house Company/SBU*4 and plants (AGC Group)</li> </ul>
<p><b>2 To reduce risks related to industrial safety and security</b></p> <ul style="list-style-type: none"> <li>To make responses to the risks specific to each region and business, including natural disasters, fires, and explosions</li> <li>To create a checklist for quantitative evaluation and identify possible risks through auditing</li> </ul>	<ul style="list-style-type: none"> <li>Identified downside risks and prioritized countermeasures (AGC Group)</li> <li>Shared excellent examples of emergency drills across the board (AGC Group)</li> <li>Began conducting audits based on the checklists prepared for quantitative evaluation (AGC Group in Asia including Japan)</li> </ul>	A	<p><b>2 To reduce risks related to industrial safety and security</b></p> <ul style="list-style-type: none"> <li>To continue implementing measures against the risks specific to each region and business (AGC Group)</li> <li>To identify risks through audits on a continuous basis (AGC Group in Asia including Japan)</li> </ul>

\*3. Reason for B evaluation: The formulation of BCPs against earthquakes has been delayed as a result of prioritizing the formulation of BCPs against the new type influenza.  
 \*4. Strategic business units (SBUs)

**Occupational Health & Safety** Page 40

Targets for fiscal 2009	Results in fiscal 2009	Self-evaluation	Targets for fiscal 2010
<p><b>1 To improve the effectiveness of the occupational health and safety management system (OHSMS)</b></p> <ul style="list-style-type: none"> <li>To prepare for transmission from self-certification to third-party certification for the OHSMS in AGC Group</li> <li>To improve the effectiveness of risk assessment</li> <li>To improve occupational health management</li> </ul>	<ul style="list-style-type: none"> <li>Improved the effectiveness of the OHSMS and obtained third-party certification for the system at 15 sites (AGC Group)</li> <li>Began conducting safety promotion activities to improve the effectiveness of risk assessment (AGC Group in Japan)</li> <li>Reviewed relevant training and management rules to improve occupational health management (Asahi Glass)</li> </ul>	B*5	<p><b>1 To improve the effectiveness of the OHSMS</b></p> <ul style="list-style-type: none"> <li>To obtain more third-party certifications for the OHSMS (AGC Group)</li> <li>To begin conducting risk prevention activities paying attention to human factors (AGC Group)</li> </ul>
<p><b>2 To foster and ensure mechanical safety</b></p> <ul style="list-style-type: none"> <li>To make the new equipment criteria widely known among the Group companies in Japan and overseas</li> </ul>	<ul style="list-style-type: none"> <li>Held briefing sessions on the new equipment criteria for those concerned including both employees and externals (AGC Group in Asia including Japan)</li> <li>Developed mechanical safety facilitators and the number of qualified safety sub-assessors increased by 52 (AGC Group companies in Japan)</li> </ul>	A	<p><b>2 To foster and ensure equipment safety</b></p> <ul style="list-style-type: none"> <li>To implement and manage new equipment criteria including those for risk assessment (AGC Group in Asia including Japan)</li> <li>To expand the Safety Assessor program to include the Group companies (AGC Group in Asia including Japan)</li> </ul>

\*5. Reason for B evaluation: The health management rules which were reviewed and revised are still not fully shared across the Group.

# With Full Awareness That Our Operations Have High Environmental Impact

AGC Group, being fully aware of the high environmental impact of its operations, regards the environment as one of its most important management priorities, and all Group companies are committed to contributing to developing a sustainable society.

## ● Integrated Environmental Management System

AGC Group has built an integrated environmental management system (Integrated EMS) to achieve the following targets:

- ① To integrate EMS within each of the glass, electronics and chemicals sectors so that they can conduct environmental activities in a cooperative manner through business operations.
- ② To include the head office, sales departments, and R&D departments in the target of EMS activities in addition to manufacturing sites. This will allow the Group to assess the environmental impact of all its business operations in advance, including those related to product design, construction of manufacturing sites, establishment of manufacturing lines, introduction of manufacturing equipment, manufacturing of products, and transportation, which will in turn help reduce the environmental impact of its products throughout their lifecycles

We implement a PDCA cycle for the Integrated EMS. Specifically, under AGC Group's Integrated EMS, Group management monitors and reviews the environmental activities of the In-house Companies/SBUs to ensure their activities are conducted in a unified manner across the Group to produce the maximum possible results. Moreover, we receive audits on the EMS from the same certification body to ensure that all our sites are audited based on the same global criteria. These audits help us understand and improve the levels of activities conducted by our Group companies in each country and region.

In addition, we began implementing measures to receive audits from the same certification body not only for the Integrated EMS but also for our quality management system and occupational health and safety management system, with a view to improving our management systems in a comprehensive manner.

### AGC Group's ISO 14001-Certified Manufacturing Sites (As of January 1, 2010)

Location	No. of manufacturing sites	No. of certified manufacturing sites (No. of sites incorporated into the Integrated EMS)
Asahi Glass	11	11 (11)
Other Group companies in Japan	51	42 (38)
Asia	29	28 (25)
Europe	50	47 (10)
North America	18	7 (7)
Total	159	135 (91)

\*As for non-manufacturing sites, a total of 99 sites are ISO 14001-certified (including the Integrated EMS).

### AGC Group Basic Environmental Policy (Extract)

(Established on February 9, 2001 and revised on June 25, 2008)

#### Basic Policy

AGC Group has designated environmental activities as one of the Shared Values in the Group Vision, **"Look Beyond"** with the awareness of its large amount of natural resources and energy usage in its activities.

As a global material and component provider, we shall contribute to the development of a sustainable society through:

effective use of limited natural resources and energy, and consideration of the influence of our activities on the natural environment including climate change and biological diversity.



AGC Group Basic Environmental Policy (full text):  
<http://www.agc.co.jp/english/csr/environment/index.html>

## ● Activities to Reduce the Environmental Impact

### Assessing the Entire Group's Environmental Impact and Reducing It by the Use of "AGC Environmental Indicator"

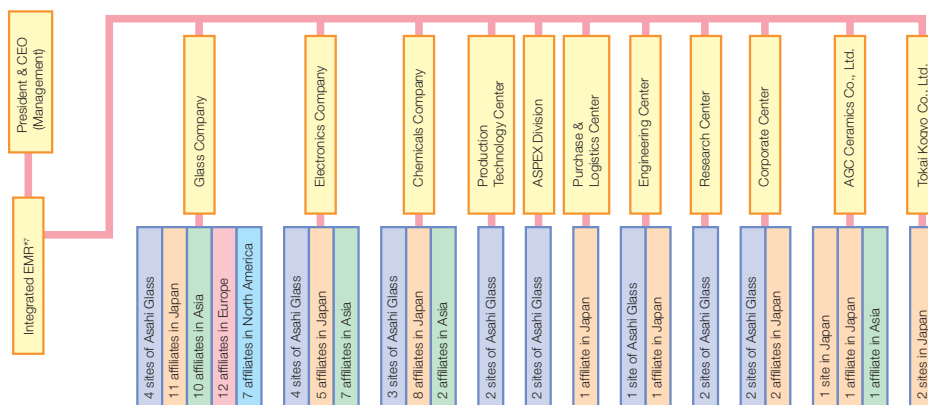
In 2006, based on the recognition that it belongs to an industry that uses a lot of energy, Asahi Glass introduced "AGC Environmental Indicator" to analyze the environmental impact of its manufacturing activities. We calculate the indicator by comparing our sales (economic effect) with Japan's GDP and our substances of concern (SOC) emissions from our manufacturing activities with total domestic SOC. We thus estimate how much environmental impact we exert to bring about a certain degree of effect economically.

Asahi Glass calculates the AGC Environmental Indicator for each substance of concern, such as SOx, NOx, and CO<sub>2</sub> and implement intensive measures based on the calculation results. For example, the value of the indicator exceeded 3.0 for NOx in fiscal 2005, but we were able to decrease it to 2.2 in fiscal 2009 as a result of introducing gas turbines with higher thermal efficiency.

Moreover, for fiscal 2010 onwards, AGC Group have set the goal of lowering the average indicator value for greenhouses gases to below 1.3\*<sup>6</sup> as part of the initiative we are taking to "deliver technology solutions for climate change" under our management policy **Grow Beyond**. To attain this goal, we will foster measures to prevent climate change, including the development of new production technologies and the improvement of our manufacturing processes.

\*6. Reference: 1.32 in 2007, 1.38 in 2008, and 1.32 in 2009

## Organizations Incorporated into the Integrated EMS (As of January 1, 2010)



\* The number of affiliates (consolidated subsidiaries) and the number of manufacturing sites are shown.

\* For plants and affiliates belonging to more than one In-house Company/SBU, the above numbers are indicated per In-house Company/SBU in duplication.

\* Organizations incorporated into the integrated EMS are each ISO 14001-certified, undergoing examinations by an external certification body based on the same examination criteria.

\*7. Environmental Management Representative

## How to Calculate "AGC Environmental Indicator"

$$\text{AGC Environmental Indicator} = \frac{\text{Environmental impact ratio}}{\text{Economic contribution}} = \frac{\frac{\text{SOC emissions by Asahi Glass (AGC Group)}}{\text{Total SOC emissions in Japan (the world)}}}{\frac{\text{Sales of Asahi Glass (AGC Group)}}{\text{Japan's (global) GDP}}}$$

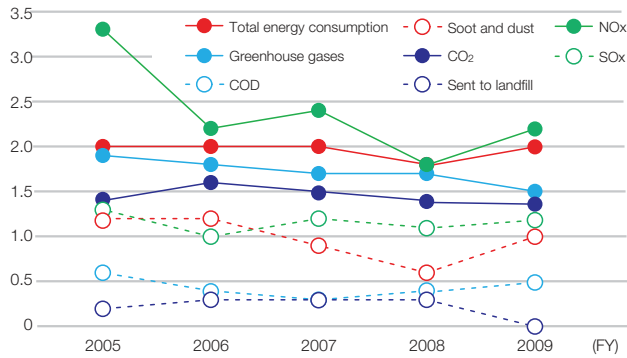
## AGC Environmental Indicator

Scope of data: Asahi Glass (unconsolidated)

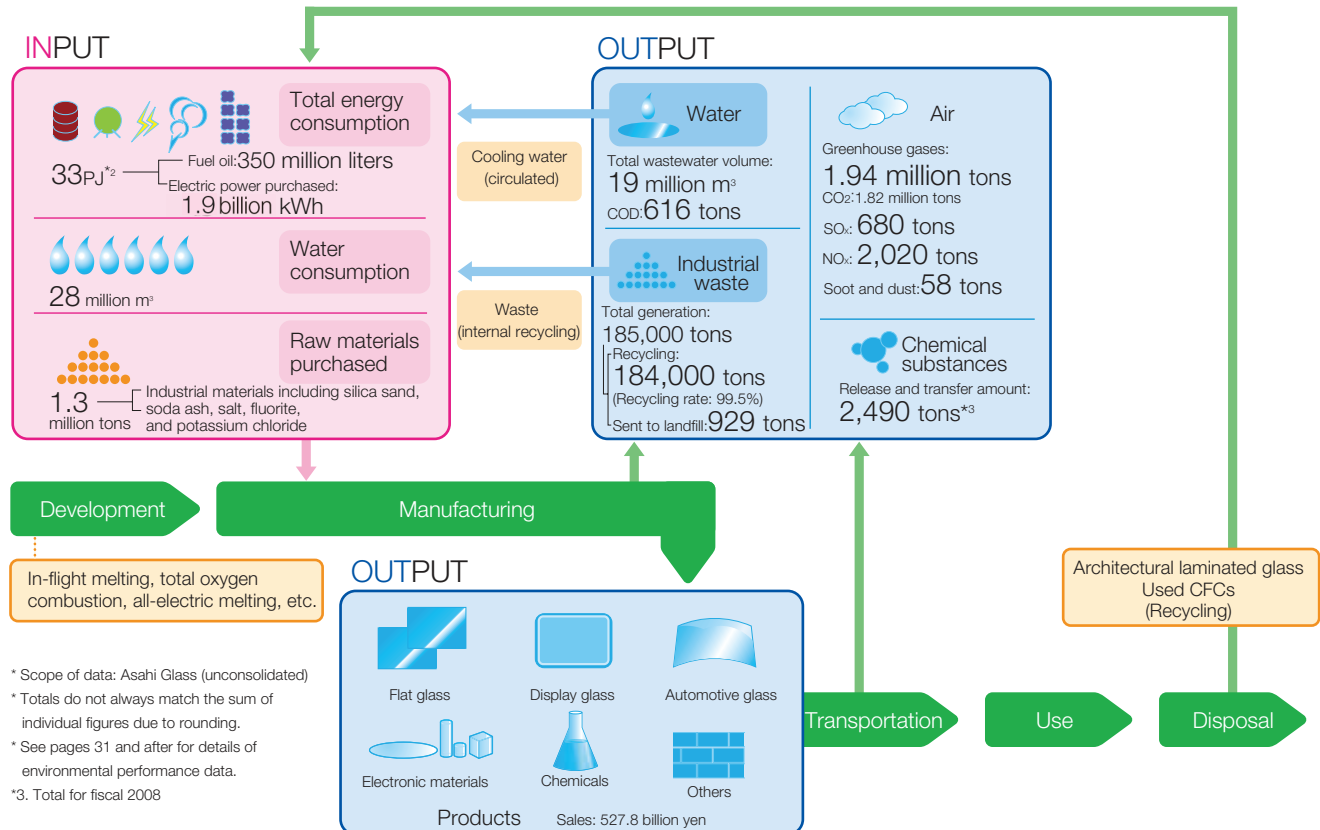
	Fiscal 2009		Target*1
	Economic size Environmental impact	AGC Environmen- tal Indicator	
Sales	527.8 billion yen	1.0	-
Total energy consumption	33PJ*2	2.0	2.0
Greenhouse gas emissions	1.94 million tons	1.5	1.7
CO <sub>2</sub> emissions	1.82 million tons	1.4	1.5
SOx emissions	680 tons	1.2	1.3
NOx emissions	2,020 tons	2.2	2.4
Soot and dust	58 tons	1.0	0.9
Sent to landfill	929 tons	0.0	0.3
COD	616 tons	0.5	0.3

\*1. At present, we are making improvements based on the actual results in fiscal 2007.  
\*2. PJ (peta joule) = 10<sup>15</sup> J (joule)

## AGC Environmental Indicator



## Relationship Between Business and the Environment

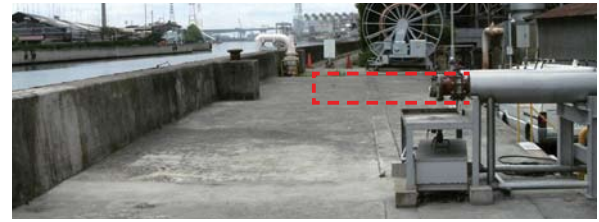


## Risk Reduction Activities Conducted at Each Site

Reviewing the activities conducted under the Integrated EMS in 2008, the manager of AGC Group has pointed out that each manufacturing site of the Group should implement individual measures to reduce and prevent the risks specific to their sites and the Group is favorably conducting environmental risk reduction activities as a whole. In response, each of the sites has reviewed their criteria for evaluating environmental risks and the impact that would be given to the surrounding areas in the event of an accident. They are strengthening their improvement activities through these measures.

### Risk Reduction Example

At one of our manufacturing sites, we improved the oil receiving process to reduce risks related to water pollution. In the past, the oil receiving pipe was as long as to the left edge of the area enclosed with a red broken line. A hose was connected from a transportation vessel to the pipe, under which an oil tray was placed to recover any spilled oil. In the event of an accident during the oil receiving process or if the pressure was still high when the oil receiving pipe was detached, however, there was a possibility of oil blowing out of the pipe into the sea. To prevent this from happening, the pipe was moved far from the shore to ensure that oil would not be spilled into the sea even in the event of an accident.



● Reduction in Greenhouse Gas Emissions

AGC Group is committed to energy conservation and the emission reduction of fluorinated greenhouse gases. We are also fostering the technological development, manufacture, and use of photovoltaic materials and low-emissive double-glazing glass (Ecoglass) as products to help reduce CO<sub>2</sub> emissions from society at large.

In fiscal 2009, Asahi Glass reduced its greenhouse gas emissions by 47% from the fiscal 1990 level. We achieved this by reorganizing our business structure, improving our manufacturing processes through fuel conversion and the introduction of the total oxygen combustion, and by adopting a cogeneration system. Moreover, we participated in the Japanese government's "Experimental Introduction of an Integrated Domestic Market for Emissions Trading" set the target of reducing CO<sub>2</sub> emissions from our manufacturing process for the first commitment period of Kyoto Protocol (2008 to 2012) by approximately 1% from the average level for 2006 and 2007, and achieved this target.

Reducing CO<sub>2</sub> Emissions from Offices

In Japan in 2008, CO<sub>2</sub> emissions from the industrial sector (factories and others) decreased by about 13% from the base year (1990) of the Kyoto Protocol, but emissions from transportation activities, offices, and households increased. In light of this fact, AGC Group (Japan) implemented a campaign to save more energy at their offices, including the head office and sales sites. Specifically, each department and section of the companies planned and implemented a range of activities over the three months, July to September in 2009, including the introduction of more energy-efficient lighting equipment, improvement of the use of air-conditioning equipment (see page 32), and organization of an in-house contest of slogans for energy conservation. We will proactively continue to conduct energy conservation activities at our offices as well as at our manufacturing sites.

Reducing Emissions of Greenhouse Gases Other than CO<sub>2</sub>

As for greenhouse gases other than CO<sub>2</sub>, Asahi Glass manufactures and sells fluorinated gases (HFC and SF<sub>6</sub>). These gases have much higher global warming potentials than CO<sub>2</sub>. In light of this fact, we have been aggressively reducing the emissions of these gases from our manufacturing processes and are also promoting their recovery and recycling. As a result, we reduced their emissions by 99% from the base year (1995) of the Kyoto Protocol in fiscal 2009. The amount thus reduced is about 40% of the total reductions achieved in Japan in fiscal 2008 with respect to emissions of three gases including PFC, which we had been manufacturing in the

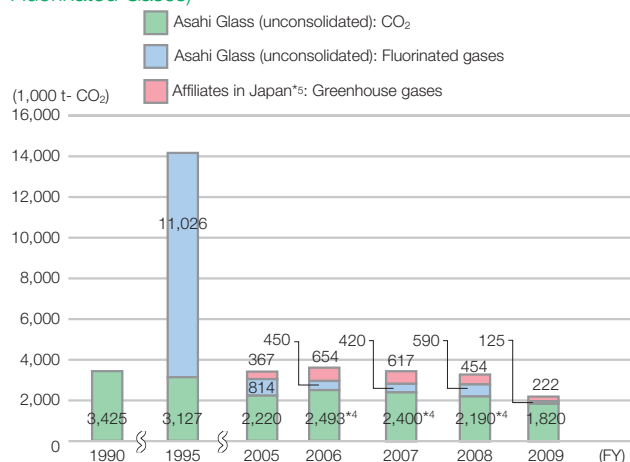
● Reducing CO<sub>2</sub> Emissions from Transportation

The revised Act Concerning the Rational Use of Energy was put into effect in April 2006. As a "Specified Consigner"\*<sup>6</sup> defined by the law, Asahi Glass has set the target of reducing per-unit CO<sub>2</sub> emissions from its transportation activities by 1% on average per year for the period from 2007 to 2011. Our transportation volume totaled 800 million ton-kilos\*<sup>7</sup> (equivalent to 68,000 tons of CO<sub>2</sub> emissions per year) in fiscal 2006, the base year from April 2006 to March 2007.

In fiscal 2009 (from January to December 2009), even though we faced substantial changes in the economic environment surrounding our business, our CO<sub>2</sub> emissions per ton-kilo decreased by 3.9% from the fiscal 2008 level. We thus achieved our per-unit CO<sub>2</sub> reduction target as a result of promoting a modal shift and implementing improvement measures such as raising the load efficiency.

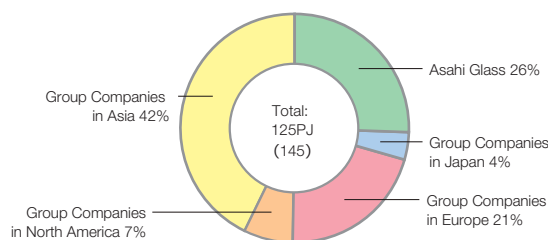
past. In addition, we have been recovering fluorinated gases from our customers and breaking down and recycling them since fiscal 1997.

Transition of Greenhouse Gas Emissions (Including CO<sub>2</sub> and Fluorinated Gases)

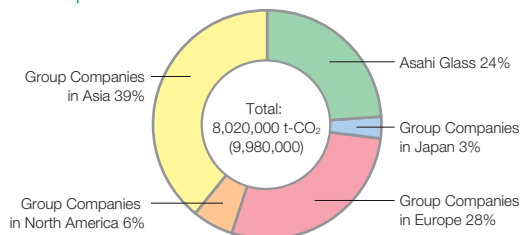


\*4. For the period from fiscal 2006 to 2008, calculations were made using the statutory CO<sub>2</sub> conversion factor (0.555 t-CO<sub>2</sub>/MWh) as provided for in "Law concerning the Promotion of the Measures to Cope with Global Warming" instead of using the CO<sub>2</sub> conversion factors set by each power company.  
\*5. The scope of data varies by fiscal year.

AGC Group's Total Energy Consumption in Fiscal 2009



AGC Group's Greenhouse Gas Emissions in Fiscal 2009



\*Figures in parentheses are results in fiscal 2008.

We will further strengthen our measures to reduce environmental impact in the transportation field. Specifically, we will improve our transportation efficiency by consolidating our manufacturing and transportation sites, promoting modal shift that includes the proactive use of railway or shipping, upsizing transportation vehicles, expanding the use of low-emission vehicles, and making effective use of local ports.

\*6. Under the law, companies that consign freight transportation of a volume of 30 million ton-kilos or more per year are classified as "Specified Consigners." There are 865 Specified Consigners in Japan (as of the end of June 2008).

\*7. When freight weighing one ton is carried over one kilometer, the transportation volume is represented as one ton-kilo. In fiscal 2008 and before, we calculated per-unit CO<sub>2</sub> emissions using the weight of shipment as a unit, but in fiscal 2009, we began calculating per-unit CO<sub>2</sub> emissions based on "ton-kilos," which is an indicator that considers total transportation efficiency. Because of this recalculation, the figures shown here are different from those shown in the CSR Report 2009.

"Reducing CO<sub>2</sub> emissions by the effective use of local ports" and "Reducing CO<sub>2</sub> emissions in joint transportation with other companies:  
<http://www.agc.co.jp/english/csr/environment/gas.html>





## “Going Green” Campaign with the Aim to Reduce Energy Consumption by Every Employee (Europe)

AGC Glass Europe (AGEU), which manufactures and sells raw and processed glass for the construction, automotive and solar industries, has launched an environmental campaign called “Going Green” (symbolized by a green tree) in order to reduce energy consumption by every employee. This campaign is also aimed at making every employee aware that environment is everyone’s business. Therefore “Going Green Forum” was implemented on the intranet so that all employees could share energy savings ideas with each other. Moreover, there are task forces underway

working on projects such as mobility and IT. “Going Green News” is also regularly published, showing examples of good ideas for reducing energy consumption coming from our plants. Examples of ideas are; production of electricity with waste heat from the furnaces, recovery of heat from air compressors to produce hot water for showers, and many more.

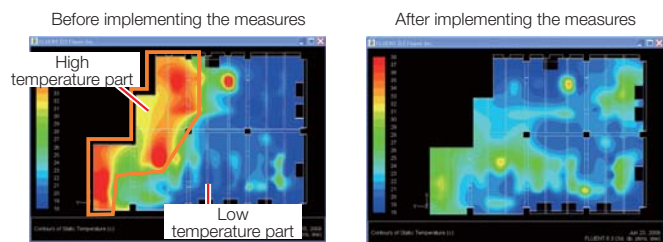


Symbol of “Going Green” campaign

## Saving Energy by Improving the Operating Efficiency of Air Conditioners in the Computer Room (Japan)

Asahi Glass’s Information Systems Center reduced the amount of energy consumed by air conditioners in the computer room by 23% from the fiscal 2008 level in fiscal 2009. In accordance with an increase in the number of servers installed in the computer room, the amount of heat exhausted from these devices had rapidly increased; the energy used by the air conditioners had accounted for more than 40% of all the energy used in the computer room. In response, the center implemented measures to improve air flow in the room and optimize the number of air conditioners to be actually used in the room. As a result, the monthly amount of energy used for the air conditioners has decreased from 79,000 kWh to 61,000 kWh, which will in turn reduce CO<sub>2</sub> emissions by 120 tons annually. From now on, the center will collect and analyze more data about the operation of the equipment in order to use the most appropriate number of air conditioners at the most

appropriate temperature settings, thereby achieving the target of reducing energy consumption by 30% from the fiscal 2008 level to save more energy.



Temperature distribution in the computer room before and after implementing the measures (simulation)

## Reducing CO<sub>2</sub> Emissions from Transportation Through Modal Shift to Marine Transportation (Japan)

In November 2009, Asahi Glass Kashima Plant and AGC Logistics Kashima Branch were given commendation from the Director-General of Maritime Bureau of Ministry of Land, Infrastructure, Transport and Tourism in recognition of their great contribution to the Ministry’s eco-ship modal shift project. The commendation was given for the following points; (1) the transportation of freight between the Kashima Plant and Hokkaido, which exceeds 10,000 tons in weight annually, is done almost 100% by ship, and (2) Asahi Glass (shipper) and AGC Logistics (transporter) have been making a concerted effort to foster a modal shift based on AGC Group’s integrated environmental management system. As a result of the commendation, Asahi Glass and AGC Logistics obtained an approval from the Ministry to use the eco-ship mark\*1 to show that they are companies contributing to environmental conservation through maritime transportation.

\*1. Only shippers and transportation companies that use environmentally friendly maritime transportation above a certain rate are approved to use the eco-ship mark as environmentally friendly companies. The eco-ship modal shift project committee makes examinations of applicant companies and approves the use of the mark to qualified companies.



Eco-ship mark



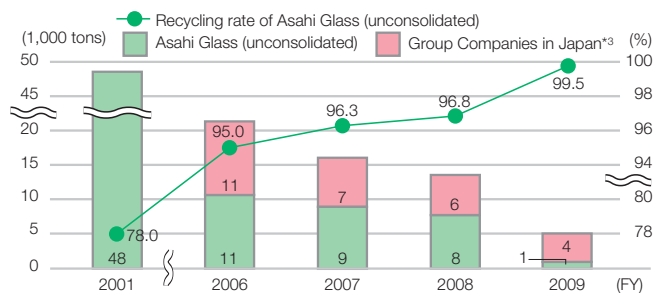
New domestic vessel equipped with an energy-efficient screw

● Waste Reduction Activities

Asahi Glass set the goal of achieving zero emissions\*2 in fiscal 2008 but unfortunately was unable to attain this goal. In fiscal 2009, we reviewed the target and prolonged the deadline to 2010, and implemented zero emission activities. In fiscal 2009 we fostered activities to achieve the redefined zero emissions target and actually achieved it one year earlier than planned, although we did have difficulty recycling chemicals. Also as AGC Group, we achieved zero emissions at 35 sites both within and outside Japan. We will continue to make efforts to achieve zero emissions on a global scale.

\*2. We define zero emissions as recycling of 99% or more of waste.

Waste Sent to Landfill and the Recycling Rate



\*3. The scope of data varies by fiscal year.

Achieving Zero Emissions Through Cooperation between Four Group Companies (South Korea)

Hanwook Techno Glass (HTG), Asahi Glass Fine Techno Korea (AFK), Asahi PD Glass Korea (PGK), and AGC Display Glass Ochang (ADO), which all manufacture glass substrates for flat panel displays, achieved zero emissions through mutual collaboration in the second half of fiscal 2009 (July to December 2009). Specifically, they had built a joint



Person in charge at ADO



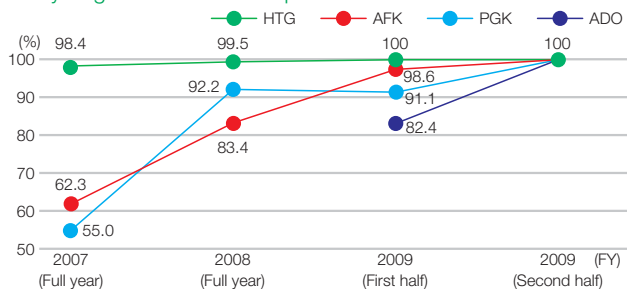
Persons in charge at HTG



Persons in charge at AFK and PGK

recycling support network and held meetings three times a year to share good recycling examples and information about recycling companies, while searching for a company to which they could entrust the recycling of sludge and enhancing employee education on the sorting of waste. As a result, they were able to improve their recycling rate substantially.

Recycling Rates at the Companies



Recycling Initiatives

Recycle Developed in Cross-Industrial Collaboration (Europe)

AGC Glass Europe, (AGEU) which manufactures and sells raw and processed glass for the construction, automotive and solar industries, has developed several ways of recycling glass cullet that does not meet AGEU strict technical specifications for recycling in flat glass production. One recent successful application is the recycling for paving materials which is developed in collaboration with the road construction company. The pieces of broken painted or mirror glasses are incorporated in the asphalt of top road layer for the reflective surface and the aim is to permit better road visibility at night (especially such as poorly illuminated roads). Several real-life tests were carried out in Belgium and France with good results in terms of road performance and reflecting characteristics.



Technicians from Belgian official road laboratory testing the asphalt incorporating the glass



A practical test in Belgium, with the reflecting road surface being used in a poorly illuminated tunnel

Recycling ETFE Fluorinated Resins (Japan)

AGC Matex, which manufactures and sells a range of plastic products, has been recycling used ETFE films into caps for the support posts of expressway guardrails for sale. Conventional caps for the support posts were made from metal, but replacement with plastic ones has been fostered to reduce damage that will be caused to vehicles in the event of traffic accidents. ETFE films are highly weather-proof and have high permeability. These films are therefore used for greenhouses and sports facilities and also as front and backing sheets for photovoltaic modules. Weather-resistant caps made from ETFE films do not need to be repaired or replaced for long periods. Because of these features, as many as 240,000 ETFE caps have already been used and this is the same as recycling about 24 tons of ETFE film. The company also aims to recycle used ETFE films into fiber reinforced plastic (FRP) coatings, which represent one of its main products.



Guardrails for which ETFE caps are used

## ● Prevention of Air and Water Pollution

AGC Group is actively installing emission gas treatment facilities and providing instruction on measurement and analysis technologies overseas by capitalizing on its domestic experience in pollution prevention.

Regarding environmental performance data, we started totaling the data of all Group companies in Japan in fiscal 2006 and those of global Group companies in fiscal 2007.

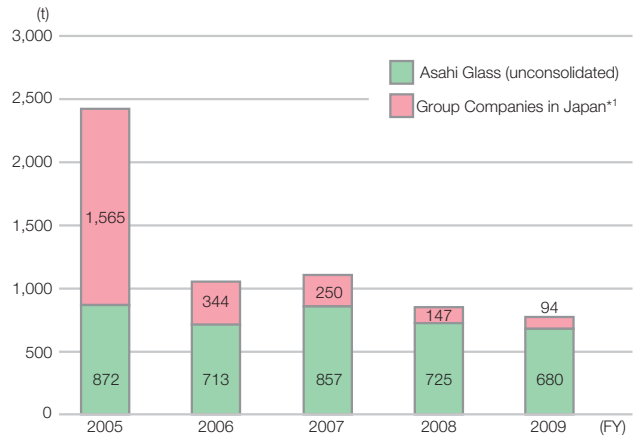
\*1. The scope of data varies by fiscal year.

### AGC Group's Environmental Performance Data (Japan)

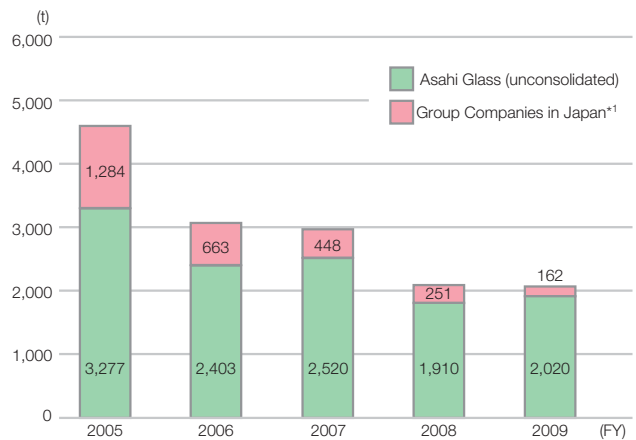
#### Wastewater



#### SOx Emissions



#### NOx Emissions



#### COD Emissions\*2



\*2. COD emissions include those from wastewater (untreated) to be sent to sewage treatment facilities.

#### Soot and Dust Emissions



\*3. The amount decreased because the scope of consolidated affiliates in Japan was changed.

### AGC Group's Environmental Performance Data (Global)

	Waste sent to landfill (tons)	SOx emissions (tons)	NOx emissions (tons)	Soot and dust emissions (tons)	COD emissions (tons)	Greenhouse gas emissions (1,000 tons)
Fiscal 2007	71,000	18,000	31,800	2,350	2,610	11,700
Fiscal 2008	58,000	17,800	39,900	2,430	2,630	9,980
Fiscal 2009	34,900	12,200	37,400	3,500	3,090	8,020

● Proper Management of Chemical Substances

In 2006, the Japanese government started to regulate suspended particulate matters (SPM) and volatile organic compounds (VOC), which could cause photochemical oxidant formation. The regulation was intended to reduce total emissions of these substances by 30% (of which 20% should be reduced through voluntary measures taken by companies) from the year 2000 level by 2010. Asahi Glass and AGC Group (Japan) initially set a target of reducing the emissions of these substances by 25% from the fiscal 2001 level by fiscal 2010 but subsequently set a higher target, a 40% reduction. In fiscal 2008, we attained the goal by achieving a 46% and a 55% reduction, respectively. (a 57% and a 54% reduction from the 2000 level).

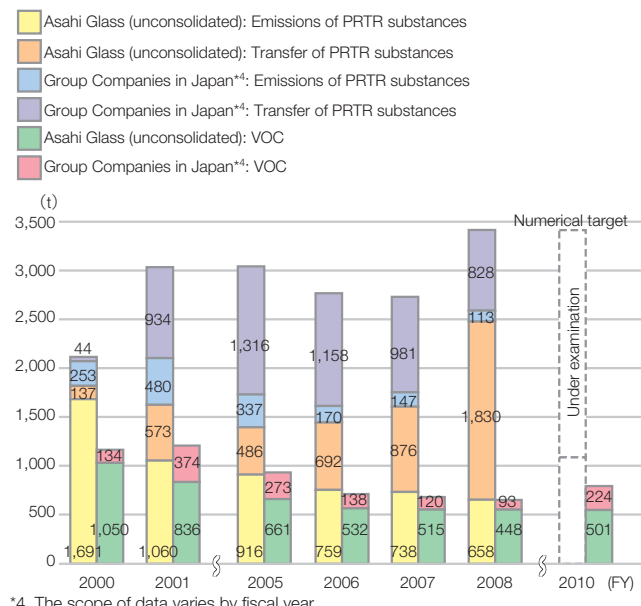
Correction of the PRTR Data

With regard to Asahi Glass's PRTR data for fiscal 2001 and onwards, calculation mistakes were found for some chemical substances. We have already corrected the mistakes and notified the related authorities of the recalculations. In this report, we have shown the correct figures, some of which have replaced the miscalculated data disclosed in our previous CSR report.

As for chemical substances contained in our products, we have been making preparations for the first registration to be completed by December 2010 under the EU's REACH regulation on chemical substances. In Japan, we participate in the Joint Article Management Promotion-consortium (JAMP) and provide information for the formulation of Article Information Sheets (AIS)

and MSDS-plus. At the same time, we have registered with the Japan HPV Challenge Program as a sponsor, which is a program jointly implemented by the Japanese Ministry of Health, Labour and Welfare, the Ministry of Economy, Trade and Industry, and the Ministry of the Environment.

Emissions and Transfer of Substances Regulated by the PRTR Act, and Changes of VOC Emissions



● Prevention of Soil and Groundwater Contamination

AGC Group has its Guideline for Prevention of Soil and Groundwater Contamination. While stating that strict compliance with the applicable laws and regulations is a prerequisite, the Guideline sets the standards for the storage and handling of hazardous substances, storage tank management, and for drainage and rainwater management. The Guideline also sets basic rules about information disclosure with respect to the measures to be taken when soil or groundwater contamination is detected.

Asahi Glass has been continuing the measure to prevent the spread of any pollutants and to decontaminate the polluted sites. We regularly report the progress to the relevant administration agency and disclose the information on our website and through other media.

● Asbestos

AGC Group completed the removal of friable asbestos in fiscal 2008. We are also appropriately managing non-friable asbestos.

● Polychlorinated Biphenyls (PCBs)

Under Japanese law, all PCBs need to be appropriately disposed by July 2016. Accordingly, Asahi Glass and AGC Group (Japan) respectively discontinued the use of electric devices that contained PCBs by the end of fiscal 2005 and fiscal 2009. At present, we are storing these devices according to the legislation, entrusting the subsequent treatment to Japan Environmental Safety Corporation. As for the recently disclosed fact that traces of PCBs are still mixed in some electric devices, it is revealed that AGC Group (Japan) also have such electric devices and we are now legally dealing with the matter.

Voluntarily Implementing a Soil Remediation Project (Thailand)

AGC Chemicals (Thailand) (ACTH), which manufactures and sells caustic soda, hydrochloric acid, and other products, completed a soil remediation project for an industrial waste landfill site located in the vicinity of its Phrapradaeng Plant in June 2009. This landfill had been used for burying and storing waste from the mercury electrolysis process for the manufacture of caustic soda after decontaminating the waste. At present, ACTH is adopting the ion exchange membrane method that does not use mercury, and so ACTH decided to remove and dispose all the buried waste and implement the soil remediation. In addition, ACTH implemented a renovation project for the building of which the

company donated to a neighborhood school 25 years ago. These voluntary activities to improve the environment and contribute to society have been highly valued by the Thai government as showing an "exemplary corporate stance."



ACTH members given a letter of appreciation from the Thai government



Handing a renovation list to the school



## Measures for Biodiversity Conservation

### Increasing the Awareness of the Importance of Forest and Biodiversity Conservation through Tree Thinning (Japan)

In Yamanashi Prefecture in September 2009, AGC Group organized a “forest volunteer” activity to help employees increase their awareness of the importance of forest and biodiversity conservation through tree thinning. A total of approximately 100 AGC Group employees and their families participated in the event and cut down Japanese cedar and cypress trees up to 10 meters tall. Thinning trees allows sunlight to reach deep through the forest, which helps the remaining trees grow. We received a lot of comments from participants, including “The event gave me a significant opportunity to teach my children the importance of considering the natural environment.”



Participants in the forest volunteer activity

### Using “Simple Pallets” to Improve Transportation Efficiency

AGC Group (Asia including Japan) has introduced a returnable steel pallet known as a “simple pallet” for the importing and transporting of raw glass for automotive products. AGC Group independently developed the simple pallet as a packaging method replacing conventional wooden transportation boxes, and introduced this pallet in 2000. At present, these pallets are used for transportation from Thailand, Indonesia, and China to Japan and in fiscal 2009, they were used for about 90% of imports of raw glass from these countries. In Thailand, these pallets are also being increasingly used for delivery of products to customers. We will further make improvements to our simple pallet so that it can be used for various other products, which helps us reduce the use of wooden materials and contribute to biodiversity conservation.



Simple pallets that can be used repeatedly



Empty pallets compactly stacked together upon their return

### Sustainable Planting of Mangroves and Releasing of Young Fish (Thailand)

AGC Flat Glass (Thailand) Public (AFT), which manufactures and sells various float glass, recognizes itself as the natural energy intensive company. In 2003, AFT started the planting of mangroves and releasing of young fish by employees and their families with the purpose of being eco-conscious. This activity which started with very few people now grows to engage not only employees and their families but also neighborhood residents and even customers. About 1,500 mangrove trees were planted in Samut Prakan Province in October 2009 and approximately 100,000 ecological entity young fish were released to water sources such as rivers and water reservoirs in Samut Prakan, Chonburi and Rayong Provinces, where AFT has plants, in December 2009. AFT

will continue this activity to restore the natural resources.



AFT employees and other participants planting mangroves

## Receiving the Highest Ranking in the Financing Employing Environmental Ratings and Winning a Special Award from the Development Bank of Japan

AGC Group received the highest ranking in the Financing Employing Environmental Ratings of the Development Bank of Japan (DBJ). The bank also gave the Group a special award presented to companies whose environmental initiatives are especially advanced.

We received this award mainly in recognition of the following four initiatives: (1) significantly reducing CO<sub>2</sub> emissions through various efforts to improve glass production processes; (2) promoting the establishment of and mechanisms for functional glass recycling technologies in cooperation with the Flat Glass Manufacturers Association of Japan; (3) collecting used CFCs and reusing them



in fluorite; and (4) popularizing Ecoglass, which has excellent energy-saving and disaster prevention effects through its Glass Power Campaign.



Receiving a special award

● Environmental Accounting

In order to accurately determine the management resources spent in reducing environmental impacts and the resultant effects, Asahi Glass calculates its environmental accounting data based on the AGC Environmental Accounting Calculation Manual created in line with the Environmental Accounting Guidelines 2005 (Ministry of the Environment).

We implemented no large-scale environmental investment projects in fiscal 2009, and as a result our environmental investment

amount decreased a lot from the fiscal 2008 level to a level similar to those in and before fiscal 2007.

For environmental costs, partly due to the depreciation of investments made in the previous fiscal year, the amount was almost on the same level as in the previous fiscal year. We have been continuously making investments in R&D focusing on the theme of “delivering technology solutions for climate change,” which we state in our management policy **Grow Beyond**.

Scope of data: Asahi Glass (unconsolidated) Target period: January 1 to December 31, 2009

Environmental Conservation Cost (Millions of yen)

	Investment	Cost	
(1) Business area	1,377	8,072	
Break-down	(1)-1 Pollution prevention	902	5,611
	(1)-2 Global environmental conservation	408	1,117
	(1)-3 Resource circulation	67	1,344
(2) Upstream/downstream	0	545	
(3) Administration	0	500	
(4) R&D	2,667	6,787	
(5) Social activity	0	45	
(6) Environmental remediation	14	255	
Total	4,058	16,203	

\* The breakdown figures do not always add up to the total because of rounding.

Environmental Conservation Benefits

	Change in environmental impact*1	Simple Y-to-Y change*1	Sales-corrected change*1
Total energy consumption	-2PJ	-6%	-7%
CO <sub>2</sub> emissions	-370,000 t -CO <sub>2</sub>	-17%	-21%
Waste sent to landfill	-7,070 t	-88%	-108%
COD emissions	36 t	6%	8%
SOx emissions	-45 t	-6%	-8%
NOx emissions	110 t	6%	7%
Soot and dust emissions	16 t	38%	47%
Effect on upstream/downstream cost	Recycling of product shipment packaging materials	(Actual benefits listed in table below)	
	Cullet collection	302,000 t	
Other environmental conservation benefits	Benefits associated with transportation and other operations (not measures by Asahi Glass)		

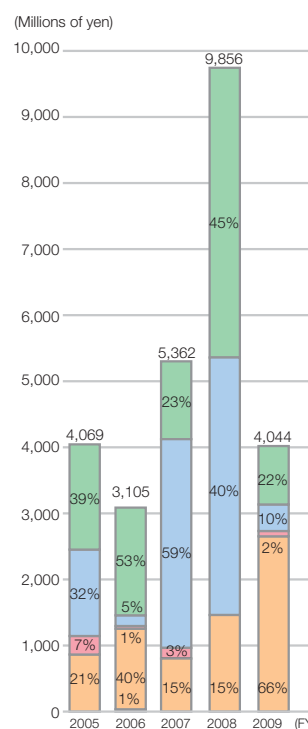
Change in environmental impact = (Fiscal 2009 output volume) - (Fiscal 2008 output volume)  
 Asahi glass (unconsolidated) Y-to-Y sales ratio = (Fiscal 2009 sales)/(Fiscal 2008 sales) = 5,278/6,459 = 0.817  
 Sales-corrected change = Simple Y-to-Y change/Y-to-Y sales ratio

\*1. Change in environmental impact and simple Y-to-Y change: A positive figure indicates an increase and a negative figure indicates a decrease in environmental impact from the previous fiscal year's level.

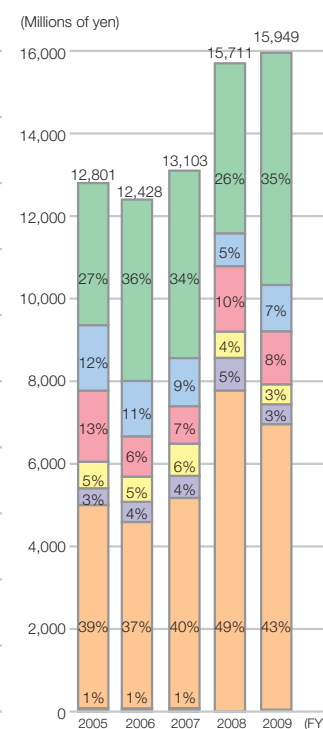
Economic Benefit Associated with Environmental Conservation (Actual Benefit) (Millions of yen)

Benefit		Value	Value (FY2008)
Revenue	Revenues from the recycling of waste generated by main business and used products	342	509
Expense saving	Effects of energy saving	1,433	1,657
	Lower waste treatment costs due to resources saving and recycling	233	390

Breakdown of Environmental Investment



Breakdown of Environmental Cost



Legend for Breakdown of Environmental Investment and Cost:  
 Pollution prevention (Green), Global environmental conservation (Blue), Resource circulation (Red), Upstream/downstream (Yellow), Administration (Purple), R&D (Orange), Social activity (Brown).

\* Because the method of allocating cost and investment for environmental remediation differs depending on the year of calculation, environmental remediation costs are excluded from the above summation.

\* The breakdown figures do not always amount to 100% due to rounding.

Integrity

Environment and Safety

Diversity

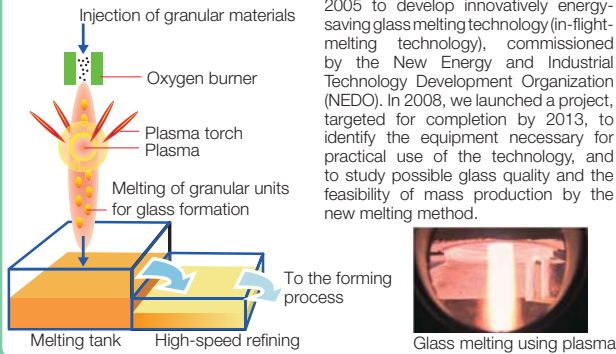
Harmony with Society

## AGC Group Technologies and Products Contributing to a Reduction in Environmental Impact

### Taking on the Challenge of Halving CO<sub>2</sub> Emissions through "In-Flight Melting"

AGC Group aims to reduce CO<sub>2</sub> emissions through the glass melting process by half by changing the glass manufacturing method itself. In-flight melting is a method of melting glass materials in a high temperature environment produced by gas/oxy combustion flames and plasma, which could reach up to 10,000°C. Specifically, granular materials with pre-adjusted composition are injected into a high temperature environment produced by gas/oxy combustion flames and plasma in the furnace from above and the materials pass through to be instantly melted. This method enables the instant completion of the melting process, and by adopting this method we can also downsize the melting tank to a width of several meters.

#### Mechanism of in-flight melting

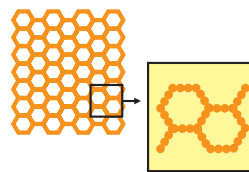


\*Research has been conducted since 2005 to develop innovatively energy-saving glass melting technology (in-flight-melting technology), commissioned by the New Energy and Industrial Technology Development Organization (NEDO). In 2008, we launched a project, targeted for completion by 2013, to identify the equipment necessary for practical use of the technology, and to study possible glass quality and the feasibility of mass production by the new melting method.

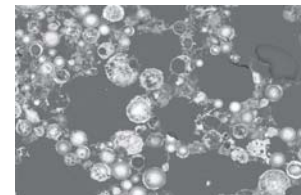
### Heat Insulation Material (LC-S1000) Improves the Energy Efficiency of Industrial Furnaces

Various heat insulation materials are used to improve the energy efficiency of industrial furnaces such as glass furnaces and incinerators. AGC Ceramics manufactures and sells its own developed the heat insulation material "LC-S1000" which is light-weight, features excellent heat insulation properties, and contains no ceramic fiber. This monolithic refractory material\*1 has low heat conductivity because of its honeycomb-like fine cell structure. By using the "LC-S1000" for a furnace, heat discharge from the furnace can be reduced by about 27% compared with the use of a conventional material of the same thickness. Moreover, the "LC-S1000" is so effective that it can be applied in one layer, although a two-layered insulating structure was common for industrial furnaces. The LC-S1000 thus contributes to the effective use of resources and improvement of work efficiency.

\*1. Refractory in the form of powder or paste that can be formed into a complex shape as necessary



Cell structure image of the LC-S1000



Magnified cross-section of the LC-S1000

### Developing a Glass Mirror for a Concentrated Solar Thermal System

A concentrated solar thermal system generates electricity by focusing sunlight with reflecting mirrors to heat such as steam. The system does not emit CO<sub>2</sub> for power generation because it uses solar energy just like photovoltaic devices. Moreover, this system is expected to be operated at high efficiency and low cost, and to be widely applied in such as sun-rich deserts.

AGC Group is supplying glass substrates for reflecting mirrors by improving extra clear glass developed for photovoltaic devices. In fiscal 2009, we also utilized our thin float glass technology to develop a glass mirror as thin as 0.95 mm with 95.1% of reflectance. We have already established a mass manufacturing system for the mirror in our plant in Belgium and are making preparations for its production also in other regions.

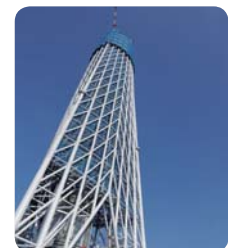


Concentrated solar thermal system

### "LUMIFLON" Fluoropolymer for Coatings Helps Reduce Emissions of VOCs, CO<sub>2</sub>, and Waste

In 1982, AGC Group utilized its fluorochemical technology to commercialize "LUMIFLON", the world's first solvent-soluble fluoropolymer. With excellent anticorrosion and weather resistance, "LUMIFLON" has been used in coatings for large structures including skyscrapers, sea bridges, and chimneys as well as for aircraft and vehicles.

LUMIFLON-based coatings do not need to be replaced with new ones as frequently as ordinary coatings, and there are many cases in which LUMIFLON-based coatings have been in use for 20 or more years. The use of "LUMIFLON" thus contributes to the reduction of waste and CO<sub>2</sub> emissions, and increases resource conservation. Over the long-term, LUMIFLON is more useful for the reduction of volatile organic compound (VOC) emissions than the low-VOC coating system recommended by the Tokyo metropolitan government. In 2009, "LUMIFLON" was chosen as a coating raw material for "Tokyo Sky Tree", the world's tallest TV tower.



"Tokyo Sky Tree", for which "LUMIFLON" was adopted



# Protection of Society and AGC Group against Contingencies

AGC Group has been implementing measures to minimize damage caused by accidents. Specifically, we are trying to prevent contingencies (accidents and natural disasters) and to promptly and appropriately take action in the case of actual occurrence.

## ● Risk Reduction Based on BCM\*2

AGC Group establishes and implements both group-wide and regional business continuity plans (BCPs) against important risks, namely large-scale accidents and disasters. For example, we are now formulating a group-wide BCP against the new-type influenza and regional BCPs for manufacturing sites in areas in Japan that are particularly vulnerable to large earthquakes. Moreover, for industrial safety- and security-related risks, we are executing a PDCA cycle to reduce the risks based on a BCM system to be conducted as an integral part of AGC Group's integrated environmental management system.

\*2. BCM is an abbreviation for business continuity management. Under a BCM system, BCPs are formulated and a PDCA cycle is executed for the review and management of the preparation and input of resources necessary for implementing BCPs.

## Measures to combat the new type influenza\*3

AGC Group has been taking group-wide countermeasures against the new type influenza. In 2009, following the outbreak of the new variant flu, we established a headquarters to deal with the related risks and supervise all the related measures to be implemented by the Group. In AGC Group (Japan), we have formulated action plans and BCPs for the Group and also for each of the In-house Companies/SBUs and manufacturing sites so that they can strengthen themselves against any new highly virulent strains of influenza. Furthermore, we have distributed a brochure that describes preventive measures against the new type influenza and instructions on what to do if infected in an easy-to-understand manner using illustrations, in order to help employees including those dispatched outside Japan deepen their understanding of the disease. Moreover, we developed a special webpage for the new type influenza on the intranet, where we post updates about infections, information useful for each of our manufacturing sites, and links to useful external websites to foster information-sharing among employees. We will continue to strengthen and promote measures against the issue throughout the Group.

\*3. Disease caused by flu viruses from animals. The viruses do not usually infect humans, but some viruses mutate and can infect humans, grow in humans, and be passed from human to human.

## Countermeasures against earthquakes and other disasters

AGC Group is conducting activities to identify and reduce risks related to earthquakes and other natural disasters on a global scale.

Asahi Glass formulated a manual on earthquake countermeasures in 1995 and revised it in 2007. Within AGC Group (Japan) in 2009, we formulated an anti-earthquake BCP for the manufacturing sites

that might suffer damage due to earthquakes.

AGC Flat Glass Philippines, which manufactures and sells flat glass for the construction industry and photovoltaic devices, was able to continue its business even when the country was hit by a typhoon and suffered floods and blackouts in September 2009. The company had been conducting emergency drills on a routine basis against floods and other disasters and had also installed private electrical power facilities. These personnel- and equipment-related measures allowed the company to minimize the adverse effect of the typhoon on its manufacturing activities.

## ● Reducing Industrial Safety- and Security-Related Risks

### Fire prevention

AGC Group has been continuously improving its fire prevention activities through environment, safety and security audits on a global scale. As for the safety of high-pressure gas, the head office of Asahi Glass carried out an audit in November 2009. This audit was one of the requirements for Asahi Glass Kashima Plant to update certification that allows it to independently conduct completion and safety inspections for its high-pressure gas equipment. As a result of the audit, it was confirmed that the plant had no problem regarding the matter.

In fiscal 2009, Asahi Glass suffered seven small fires. AGC Group (Japan) are sharing analyzed data of past fires to prevent reoccurrence of fires.

As for the leakage of molten glass that took place at Asahi Glass Kansai Plant in April 2009, we deeply regret the inconvenience caused by the incident to local residents and to local governmental officials, including the fire department. We are thoroughly implementing improvement measures based on our investigation of the causes to prevent similar accidents in the future.

### Disaster/Environmental-Accident Prevention Measures

AGC Group's manufacturing sites regularly implement emergency drills. Asahi Glass has been sharing best practices by, among others, sending employees in charge of industrial safety and security at each plant to others to participate in their emergency drills. We also hold regular training seminars on industrial safety to sharpen the skills of employees in charge. In fiscal 2009, we asked nearby fire departments to teach them how to manage hazardous substances and also invited external experts to speak.



AGC Group Basic Industrial Safety & Security Policy: Important Tips on Fire Prevention at AGC Group: <http://www.agc.co.jp/english/csr/environment/security.html>

## Achieving Prompt Recovery through BCP-Based Measures (Japan)

AGC Techno Glass, which manufactures electronic parts and materials, began writing a BCP at its Shizuoka Plant in 2008. After on the desk training and a subsequent review of the emergency manual, the BCP was completed in June 2009. In August 2009, the Suruga Bay Earthquake hit the area and the plant suffered damage to its heavy oil and gas shutoff valves and its well water turned cloudy. Those in charge of disaster management were mobilized under the plant's emergency call system to fulfill set roles, including confirming employee safety, implementing recovery measures, and talking to Asahi Glass head office. As a result, producing function was able to resume the next day. Additional

inventory for products for which it usually takes several days to resume manufacturing had already been secured based on the BCP and customers were kept informed. The plant returned to normal without inconveniencing any customers. All concerned learned that by creating an emergency manual and drilling in preparation for emergencies they could respond calmly and maintain smooth communications. The plant will continue to execute its PDCA cycle based on the BCP, including review of the manual.



On the desk training



# No Production Should be Operated without Assurance of Safety

Based on the policy that “no production should be operated without assurance of safety,” AGC Group is ensuring occupational health and safety at its production sites by applying its Occupational Health and Safety Management System (OHSMS) and securing the equipment’s safety.

### AGC Group Basic Occupational Health & Safety Policy (Extract)

- ① We will focus on Risk Assessments and prevention to make our OHSMS more effective.
- ② We will further improve on-site occupational health and safety programs and activities that involve all employees and develop a sustainable OH&S culture.
- ③ Our leaders will ensure a safe work environment for our employees and foster well-being within our AGC community.
- ④ We will implement OH&S activities in all production line activities and ensure compliance.
- ⑤ We will encourage proactive employee participation in all OH&S activities inspired by open, honest and fair interactions and communications.



AGC Group Basic Occupational Health & Safety Policy (full text): <http://www.agc.co.jp/english/csr/environment/safety01.html>

### ● Global Safety Management

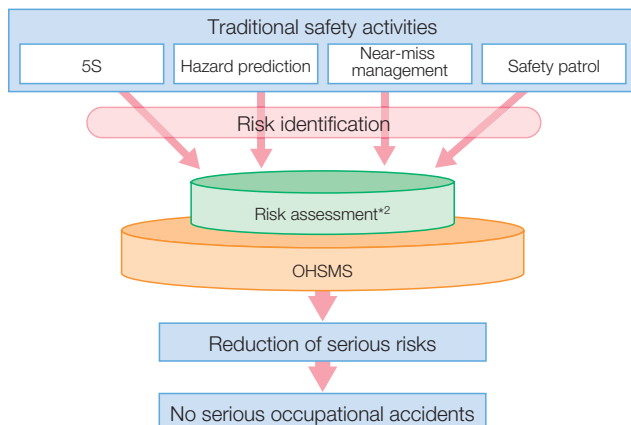
Given that machines can break down and people can make mistakes, AGC Group is committed to identifying potential risk factors on a continual basis of occupational accidents at its manufacturing sites. We are also combining our traditional safety activities\*1 with the occupational health and safety management system (OHSMS) to increase the effectiveness of the activities. In addition, we encourage our sites that are self-certifying their OHSMS to obtain third-party certification for the system. As of the end of December 2009, we obtained the following third-party certification.

\*1. Traditional safety activities: promotion of the 5Ss (seiri [neatness], seiton [orderliness], seiketsu [cleanliness], seisou [cleanness], and shitsuke [discipline]), hazard prediction, near-miss management (hiyari-hatto), and safety patrols

Number of Sites Obtaining Third-Party Certification for Their OHSMS (as of the end of December 2009)

Location	Number of certified sites
Asahi Glass	1
Japan	3
Asia	6
Europe	38
North America	0
Total	48

### AGC Group's Concept of Safety Management



\*2. Risk assessment: Activities to comprehensively identify risks associated with equipment and work processes, to evaluate the risk levels and to implement safety measures, prioritizing serious risks

### ● Improving the Effectiveness of Risk Assessment

The OHSAS 18001, one of the standards for OHSMS, requires worksites to make risk assessments targeting all employees, all work operations, and all equipment at the sites. In fact, AGC Group tends to have more occupational accidents for operations and equipment on which it makes no risk assessment and it is indeed essential for the Group to increase the scope and effectiveness of its risk assessments.

AGC Group (Japan) had been providing managers and supervisors with necessary training but had not provided employees of manufacturing sites where risk assessments were to be carried out with sufficient training in the past. To tackle this problem, we started our safety enhancement activity in fiscal 2009. In this activity, we select employees in charge of manufacturing and equipment at each of the manufacturing sites as “core safety facilitators” and provide them with intensive education on risk assessment and traditional safety activities. The educated employees will then serve as risk assessment instructors at each of the manufacturing sites for about six months, thereby raising the risk assessment level of the sites. On a medium-term basis, we will increase the safety management level of the sites and foster the development of safety leaders by assigning employees who have participated in the activity to important posts.

Also in Asia, we are providing risk assessment education and boosting the quality of such education measures at our Group companies.

### ● Equipment Safety (Inherent safety design measure)

To ensure manufacturing sites’ safety, it is most important to enhance the inherent safety of equipment. Accordingly, AGC Group is raising the safety level of its new equipment by responding to international safety standards such as ISO12100, in addition to implementing safety measures for existing equipment through risk assessment in order to ensure that new equipment introduced is safe.

AGC Group (Japan) encourages employees to be qualified as Safety Assessors\*3 in order to ensure that the equipment required for the Group is designed and introduced to its worksites based on the understanding of international safety standards. By the end of fiscal 2009, a total of 159 people working for AGC Group (including employees of cooperating companies) had acquired the Safety Sub-Assessor qualifications. In fiscal 2010, we will establish a “Safety Basic Assessor qualification” as a more basic qualification and encourage not only employees in charge of environmental safety and equipment but also manufacturing managers and supervisors to systematically deepen their understanding of equipment safety by obtaining the qualification. Moreover, we plan to expand this new qualification system to include employees of Group companies in Asia.

As for new equipment to be introduced to AGC Group (Asia including Japan) in and after April 2010, risk assessments must be carried out at the design and manufacturing phases. By the end of fiscal 2009, we repeatedly held briefing sessions in preparation of policy implementation to explain this requirement to all those concerned, including external equipment manufacturers.

\*3. Under this qualification system for skills on equipment safety, which was established by some organizations including the Society of Safety Technology and Application, Japan, there are three different levels of qualifications, “Safety Lead Assessors,” “Safety Assessors,” and “Safety Sub-Assessors.”

● Occupational Accidents in Fiscal 2009

In fiscal 2009, AGC Group (Asia, including Japan) incurred 76 occupational accidents. As a result of conducting safety management activities, we were able to reduce the number of accidents, in particular of serious occupational accidents, to about one-third over the past four years. In fiscal 2010 onwards, we will also conduct accident prevention activities focusing on human factors\*4 in addition to implementing measures for equipment safety.

Since fiscal 2007, we have been collecting information about occupational accidents that took place across AGC Group, including companies in Europe and North America in addition to Asia including Japan. Based on the tabulation results, we will foster group-wide safety management and reduce occupational accidents globally.

\*4. Activities focusing on the prevention of unsafe human behaviors

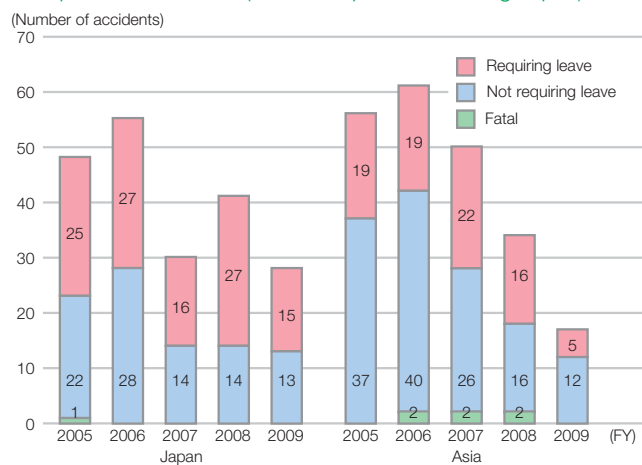
Number of Occupational Accidents in Fiscal 2009\*5 (AGC Group Asia including Japan)

	Asahi Glass	Group companies in Japan	Group companies in Asia	Total
Fatalities	0(0)	0(0)	0(2)	0(2)
Accidents requiring leave	4(6)	9(8)	12(16)	25(30)
Accidents not requiring leave	6(11)	9(16)	5(16)	20(43)
Accidents of minor injuries	30(34)	1(1)	Not counted	31(35)
Total	40(51)	19(25)	17(34)	76(110)

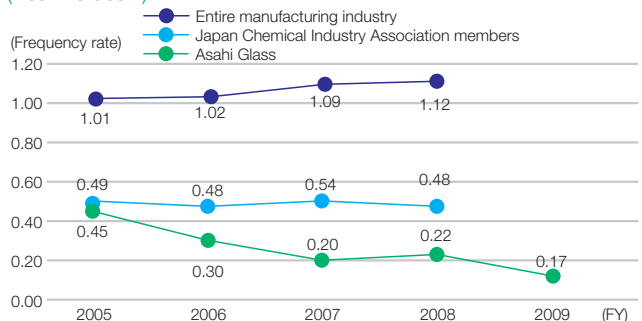
\*5. The numbers of accidents causing minor injuries and more serious injuries were totaled for Asahi Glass (unconsolidated) and some Group companies in Japan, and the numbers of accidents not requiring leave and more serious accidents were totaled for Group companies in and outside Japan.

\* The figures in parentheses represent the numbers of occupational accidents in fiscal 2008.

Occupational Accidents (AGC Group Asia, including Japan)



Changes in the Frequency Rate for Accidents Requiring Leave\*6 (Asahi Glass\*7)



\*6. Number of workers involved in accidents requiring leave per one million actual working hours

\*7. Asahi Glass data include employees at all operating sites (including associated companies).

● Health Management Policy

AGC Group has set its Health Management Policy, regarding it necessary to clearly define the Group's policy of health management for employees.

Asahi Glass has been implementing measures to manage the health of employees based on this policy, which provides for health consciousness, corporate support for employees health, and self-discipline by employees, attributing particular importance to building mental and physical fitness and preventing diseases.

 Health Management Policy:  
<http://www.agc.co.jp/english/csr/environment/safety01.html>

● Mental Health Care

In recent years, the number of workers with mental health problems has been increasing, and this is becoming a social concern. Accordingly, Asahi Glass has been enhancing its mental health care measures for employees in line with its Health Management Policy.

Major mental health care measures taken at Asahi Glass

- ① Employees' support program  
 Under the program, employees and their family can consult external experts (counselors) about their mental problems in person or by phone at no charge. The consultation details are kept strictly confidential.
- ② Training (e-learning) for managers  
 Training for managers, who play a vital role in the mental health-care of employees, has been provided through e-learning so that managers can obtain and review necessary knowledge and information.
- ③ Mental checkups by employees themselves  
 For employees to understand their health situation and manage their mental health, mental checkup sheets are distributed, to help prevent and detect their mental problems at an early stage.
- ④ Support program for employees with mental problems to return to the workplace  
 This is a program to support employees who have taken long-term leave due to mental problems to return smoothly to their workplaces.



Achieving Zero Occupational Accidents through Strong Commitment by Management and Higher Safety Awareness of Employees AGC Flat Glass

Zhao Bin  
 Plant Manager  
 AGC Flat Glass (Dalian)

AGC Flat Glass (Dalian) manufactures and sells a range of float glass for construction and other fields. Based on management's strong commitment to zero occupational accidents, we are conducting safety management activities focusing on improving the safety awareness of employees. Each production manager closely checks not only the 5S, risk assessment, and safety education but also the plant's original check-list to prevent employees from behaving unsafely. Related advice is also offered to employees. Through these measures, all employees, including managers and factory workers have raised their safety awareness. To the company, one of these employees made as many as 39 proposals to prevent concerned risks and near-miss incidents. In fiscal 2008, the frequency rate of occupational accidents dropped sharply and in fiscal 2009 we received Continuously Accident-free Award Class 1 Effort Prize in the AGC Group CEO Awards (for zero labor accidents in as many as 2.4 million hours).



## Diversity Respect for People



### Third-Party Opinion



Ms. Kimiko Horii  
President, NPO GEWEL

It is highly appreciable that AGC Group has a strong vision as a corporate group and clearly includes Diversity in its Our Shared Values. I strongly expect that the Group will show best practices to Japanese companies with regard to diversity. In fiscal 2009, the Group implemented measures to improve its work environment to enable all the employees to work with satisfaction and pride in their daily operations and to share mutual respect based on the value of diversity. I am pleased to know that to meet the aforementioned objective, the Group conducted activities from a global viewpoint such as by the utilization of employee satisfaction (ES) surveys and the advancement of its human resource development programs, as model cases that can be used by other Japanese companies. In my opinion, the Group has already reached a level of “inclusion (paying mutual respect and accepting their mutual differences)” beyond the level of “diversity (recognizing mutual differences)”.

AGC Group is now required to motivate individual employees to make further contributions to their company by paying more attention to intangible elements of diversity, such as differences in values, in addition to the tangible elements of diversity (nationality, gender, and handicaps). In this CSR report, the employment of retirees and people with disabilities, the employment and promotion of female employees, work-life balance, and support offered for balancing work and childcare/family care are covered. I expect that the Group will continue the activities which are prioritized from the viewpoints of improving diversity and inclusion and also in line with its management in 2010.

Employee Satisfaction (ES): Employee Job Satisfaction and Pride in Accomplishment Page 44

Targets for fiscal 2009	Results in fiscal 2009	Self-evaluation	Targets for fiscal 2010
<p><b>1 Implementation of a work environment where employees can work with satisfaction and pride (AGC Group)</b></p> <ul style="list-style-type: none"> <li>To conduct the third ES survey with an expanded scope (Nov. 2009)</li> <li>To establish the third AGC Group Awards</li> </ul> <hr/> <p><b>2 Further utilization of diverse human resources (Asahi Glass)</b></p> <ul style="list-style-type: none"> <li>To continue expanding the employment of people with disabilities</li> </ul> <hr/> <p><b>3 Consideration of work-life balance (Asahi Glass)</b></p> <ul style="list-style-type: none"> <li>To expand the use of the in-house support systems to balance employee's work and childcare</li> </ul>	<ul style="list-style-type: none"> <li>Postponed the third ES survey to November 2010</li> <li>Held the third AGC Group Awards and presented a total of 162 award cases</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Continuously exceeded the statutory employment rate of people with disabilities, with the rate reaching 1.97%</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Conducted training for work-life balance for new managers</li> <li>The number of employees who took childcare leave increased to 54 (from 42 in fiscal 2008)</li> </ul>	<p><b>B*1</b></p> <hr/> <p><b>A</b></p> <hr/> <p><b>A</b></p>	<p><b>1 Implementation of a work environment where employees can work with satisfaction and pride (AGC Group)</b></p> <ul style="list-style-type: none"> <li>To conduct the third ES survey with a further expanded scope (Nov. 2010)</li> <li>To continue AGC Group Awards</li> <li>To implement measures to employ and develop human resources for global management</li> </ul> <p><b>2 Promotion of quality manufacturing and development of human resources (AGC Group)</b></p> <ul style="list-style-type: none"> <li>To effectively conduct AGC Group improvement activities through scientific methods</li> <li>To expand the employees training record system to departments such as management and sales</li> </ul> <p><b>3 Further utilization of diverse human resources (Asahi Glass)</b></p> <ul style="list-style-type: none"> <li>To continue to reach and exceed the statutory employment rate of people with disabilities</li> <li>To examine measures to promote further utilization of female human resources</li> </ul> <p><b>4 Consideration of work-life balance (Asahi Glass)</b></p> <ul style="list-style-type: none"> <li>To encourage the use of the in-house support systems to balance employee's work and childcare and introduce further related measures</li> </ul>

\*1. Reason for "B" evaluation: The ES survey slated for November 2009 was postponed to November 2010.

### Highlights of Activities in 2009

For AGC Group to increase its presence as a global enterprise, it is important that each and every employee share the mutual values and continue to grow. In fiscal 2009, we contributed

the implementation of our researcher exchange program and also focused efforts on the development of human resources by sharing improvement methods across the Group.

#### Implementing a researcher exchange program for the enhancement of R&D (Japan and Belgium)

AGC Group is committed to developing human resources who can be active globally through various human resource exchanges. For example, the Corporate Research Center in Japan and the European R&D Center in Belgium have implemented a researcher exchange program since fiscal 2008 to accelerate R&D across the Group. At present, three researchers are taking part in the two-year exchange program.

Corporate Research Center in Japan in 2008 says: "As a full member of the Japanese research team, I have experienced first-hand about the Japanese way of working and the Japanese workplace environment, which are far different from those in Belgium. In the future, I will teach my team members in Belgium about the Japanese ways of working and thinking. After all, collaboration is not only about technical exchange but also about understanding one another."

Mr. Fabrice Sinapi, a senior researcher who came to the

#### Improving business operations by raising the skills of employees (Japan and Thailand)

AGC Electronics (Thailand) manufactures glass substrates for hard disks. In November 2008, in cooperation with the MONOZUKURI (Quality Manufacturing) & Personal Growth Enhancement Office, Asahi Glass, this company began implementing measures to raise the skills of employees through daily improvement activities to develop human assets\*2 and strengthen its competitiveness. At first, employees felt uneasy and showed unwillingness to change their conventional ways of working. But now, with strong motivation to acquire new expertise and with the adoption of know-how accumulated by AGC Group, the company's in-process inventory has dramatically decreased and the operational process increasingly standardized. Approximately 20 employee participants are now using the skills they have learned in this activity and are working as facilitators in a range of daily improvement activities.



Members of AGC Electronics (Thailand) participating in a discussion

\*2. Here we use "human assets" instead of "human resources," based on the idea that people make the company.





## Driving Force to Maximize Corporate Value

AGC Group relies on the capabilities of its employees as a basis of increasing its corporate value and improves its work environment to enable all the employees to work with satisfaction and pride in their daily operations and to share mutual respect based on the value of diversity.

**Generating a virtuous circle of individual and organizational growths  
by bringing out employees' full abilities (AGC Group)**

### The AGC Group "7 Key Principles for People"

- Implementation of **"Look Beyond"**
- Diversity for organizational competitiveness
- Development and growth
- Job satisfaction and pride
- Work environment and conditions
- Open communication
- Evaluation, recognition and rewarding performance



AGC Group "7 Key Principles for People" (full text):  
<http://www.agc.co.jp/english/csr/diversity/index.html>

### ● ES Improvement Activities Based on the ES Survey

Based on the "7 Key Principles for People," which comprises AGC Group's direction in human resources management, we have been conducting AGC Group ES improvement activities. Specifically, in order to clarify problems and as a part of our communication with employees, we began conducting the ES survey in 2005 and the second ES survey in 2007. In this second survey we not only checked the effects of the ES improvement activities we had been conducting following the implementation of the first ES survey, but also conducted it in an expanded scope in 18 languages among approximately 40,000 employees. In these surveys we ask employees their opinions concerning eight ES improvement elements, which include their workplace atmosphere, the skills required for growth, evaluation, and treatment. We have been incorporating the survey results into our measures to cultivate a still further improved corporate culture.

We planned to conduct the third ES survey in November 2009, but have decided to postpone it to November 2010.

#### Significance of ES improvement activities

ES improvement activities are essential to motivate employees to improve the quality of their work accomplishments. We therefore promote the incorporation of ES ideas and measures in the management mechanism of daily operations for all employees.

#### ES improvement measures for the AGC Group

Recognizing the importance of ES as explained above, we are implementing the following measures:

- ① To improve communication between managers and subordinates to achieve their goals  
(Persons in charge: all leaders within the organization)
  - Human resources development is an important priority. Leaders will promote personal growth and foster an environment where their subordinates are able to learn. They will also engage in open and frequent communication with the subordinates to provide appropriate support for attaining targets.
- ② To offer more educational opportunities for growth  
(Persons in charge: AGC Group)
  - Provide employees with more educational opportunities (programs to cultivate human resources, stratified training, and departmental training) to help them make the best use of their abilities
- ③ To ensure appropriate evaluation and treatment  
(Persons in charge: all leaders within the organization)
  - Leaders will evaluate employees' contributions with fairness and transparency, and treat them accordingly. They will also fully communicate with the subordinates to give them feedback on the evaluation results.
- ④ To improve the system for Group-wide internal communication  
(Persons in charge: AGC Group)
  - Promote direct and interactive communications through top managements' visits to the Group's business sites on a continual basis
  - The AGC Group Web will be expanded in order to promptly share more meaningful information within the Group.
- ⑤ To foster a better corporate climate with recognition and praise  
(Persons in charge: AGC Group)
  - Participation in the Group Award System will be promoted, while enhancing the system itself. Good practices will thereby be shared throughout the Group.

### ● AGC Group Award System

In order to foster a better corporate climate in which employees are encouraged to respect one another and appreciate their mutual achievements and efforts, AGC Group has introduced an award system targeting all employees.

We summarize the excellent activities which are recognized with **"Look Beyond"** Award and CS Award in a booklet and distribute this to all the member of AGC Group to share the best practices.



Year Book outlining examples of excellent activities (published in 17 languages)

#### Commendations Awarded across AGC Group and Numbers Thereof (FY2009)

Type	Number
<b>"Look Beyond"</b> Award	15
CS Award	30
Excellent Quality Improvement Plant Award	5
Excellent Cost Reduction Plant Award	5
Excellent Safety Plant Award	19
Environmental Contribution Award	7
KAIZEN Award	22
Enhancement and Transfer Technologies & Skills Award	15
Environmental Improvement Award	3
Technical Innovation & Performance Award	24
New Business/New Market Development Award	3
Excellent Business Support System Award	14
Total	162

● Utilization of Diverse Human Resources

AGC Group is a global corporate group comprising approximately 50,000 employees, who work in about 30 countries and regions. For continuous growth as a world-class global enterprise, we are increasing our organizational strength by utilizing diverse human resources based on the value of diversity. Specifically, we are implementing human exchanges between Japanese and European bases, including research centers and legal offices and so on. (See page 43 for details.) Moreover, Asahi Glass holds briefing sessions for the regular employment of non-Japanese students and employed three in fiscal 2009.

Leader Training

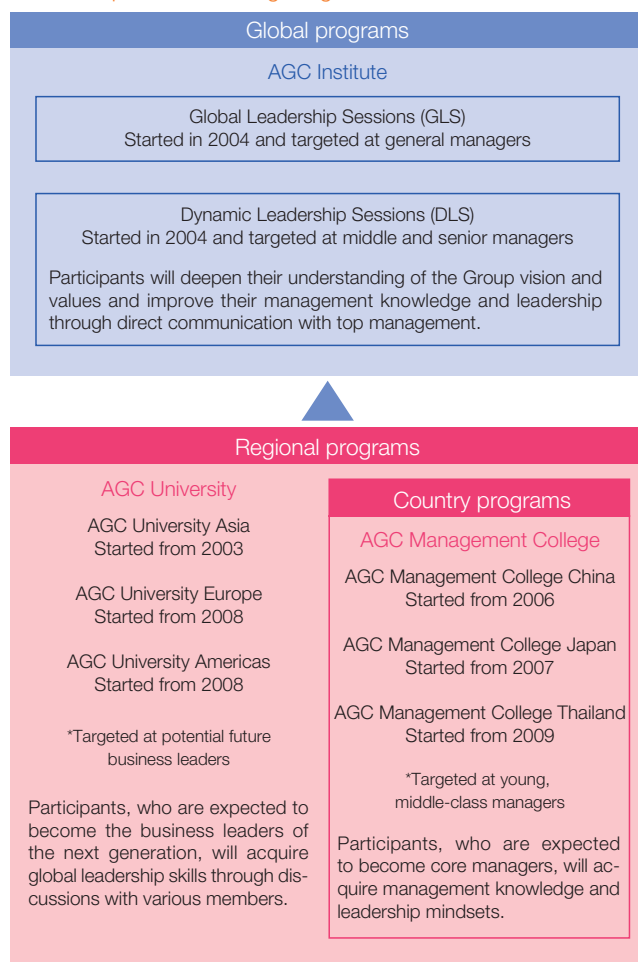
Leaders of global enterprises must have a range of leadership skills and abilities based on the value of diversity. In order to develop human resources who can become the future leaders of the Group, we are globally educating employees in our leader training programs as outlined on the right, irrespective of nationality and gender.

● Respect for Human Rights

Based on the "Respect for People" principles set forth in its Charter of Corporate Behavior, AGC Group is committed to respecting human rights, rejecting discrimination, forced labor and child labor, and never tolerating infringements of human rights.

If a problem takes place regarding human rights or labor relations, the human resources departments and related departments cooperate to find a solution. Moreover, we have introduced the Help Line (see page 21). When employees ask for advice or inform their problems, the persons in charge of compliance seriously seek solutions to any problem.

AGC Group Leader Training Programs



Integrity

Environment and Safety

Diversity

Harmony with Society

Winning a Best Practice Workplace on Labor Relations and Labor Welfare Award for Six Consecutive Years (Thailand)

AGC Automotive (Thailand), which manufactures and sells glass for automobiles, has won a Best Practice Workplace on Labor Relations and Labor Welfare Award from the Thai Government for six consecutive years. At the award ceremony held on September 18, 2009, the Factory Manager and the employee representative of the company received a commemorative plaque from Thai Prime Minister Abhisit Vejjajiva. The government annually chooses the award winners by sending officials of labor standards bureaus to interview both their managers and employees. In 2009, a total of 435 companies were selected as winners, and TV and other media reported on the award ceremony. Among the winners for 2009, 48 companies were granted the awards for five consecutive years, and it is indeed a great honor to become a winner for the sixth consecutive year. The Thai government deems it important for companies to maintain good work environments and favorable

labor relations to overcome any economic crises and ensure sustainable development of their business.



Award ceremony: Factory Manager of AGC Automotive (Thailand) Co., Ltd (center), the employee representative (left), and Prime Minister Abhisit Vejjajiva (right)

## ● Pursuing Quality Manufacturing and Reinforcing Production Site Expertise

In 2004, AGC Group listed “pursuing quality manufacturing and reinforcing production site expertise,” which means “enhancing and transferring technologies and skills,” as one of the major items in its management policy. To achieve these goals, we specified the required technologies and skills at each workplace and started to develop human assets\*1 who can utilize such technologies and skills. Through these measures, we achieved our target for the first stage of quality manufacturing, which was to raise the level of technologies and skills across the Group. In 2008, we entered the second stage of activities and have since been implementing measures to improve the work environment to motivate employees to develop themselves into “higher performers” (experienced and highly skilled workers). In addition, we reorganized our small-group activities, which had conducted “daily improvement activities” at each department voluntary, into “AGC Group improvement activities” to function these activities more efficiently as a part of the objectives of their section or organization.

\*1. Here we use “human assets” instead of “human resources” based on the idea that people make the company.

### First Stage (from 2004 to 2007)

Transferring the manufacturing technologies and raising the level of technologies and skills across the Group

#### Achievements

##### ● Systems

The Monozukuri (Quality Manufacturing) Enhancement Division (present MONOZUKURI [Quality Manufacturing] & Personal Growth Enhancement Office), In-House Companies/SBUs, and affiliated companies collaborated to formulate training criteria, educational systems and training seminar systems.

##### ● Facilities

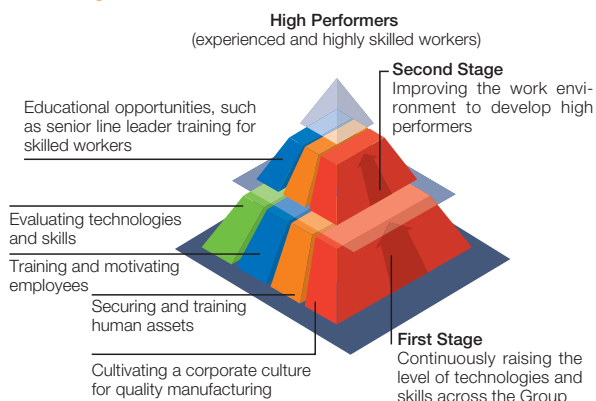
The AGC Monozukuri Training Center and training facilities for each of the In-House Companies, SBUs, and affiliated companies were established.

### Second Stage (launched in 2008)

(1) Improving the work environment to help employees strive to become high performers with new technologies and skills

To ensure quality manufacturing, we are cultivating a corporate culture that will motivate employees to develop themselves as “high performers” who take on the challenge of acquiring new technologies and skills. Specifically, we work to give more practical training to employees such as business leadership training for engineers or senior line leader training for skilled workers to provide them with three types of opportunities, which are to (1) learn; (2) motivate employees; and (3) exercise their abilities.

#### Human Assets Development for Enhancing and Transferring Technologies and Skills



### (2) Fostering AGC Group improvement activities

AGC Group hopes that “daily improvement activities” and “even wider-reaching technical development” will spread in all our plants and workplaces and employees will share the goals of the entire organization and make a concerted effort voluntarily without feeling that they are being forced to do so. To achieve this ideal, we will reorganize our conventional small-group activities into “AGC Group improvement activities” to encourage employees to conduct these activities as part of their daily operations and highly motivate them by giving them a sense of responsibility for the achievement of targets in their departments. To foster the activities more efficiently and effectively across AGC Group, the MONOZUKURI (Quality Manufacturing) & Personal Growth Enhancement Office will introduce measures to fully identify the causes of problems across the Group with the use of industrial engineering (IE), quality control (QC) and other scientific approaches.

#### Achievements

##### ● Systems

AGC Group improvement activities were facilitated through the training of specialized staff in education at Group companies in Asia.

##### ● Facilities

An accommodation facility was opened within the premises of the AGC Monozukuri Training Center for the purpose of providing an environment for more intensive training.



Accommodation facility at the AGC Monozukuri Training Center

### ● Developing Human Assets in a Comprehensive Manner

To accelerate the development of human assets, AGC Group began expanding the know-how accumulated in the development and training of experienced and skilled workers to the training of employees in departments such as management and sales. Specifically, we built an employee training record system, to check their training plan and history. We began using this system for young engineers in 2009 and plan to expand it to departments such as management and sales. We will also refer to the training histories from this system in making new training plans for them and assigning human assets to appropriate positions, which will lead to further growth of the Group.

#### Number of Users at the Monozukuri Training Center

FY	Number
2007	23,344
2008	30,044
2009	31,029

#### Annual Per-capita Training Hours at AGC Group (in Japan)\*2

FY	Annual training hours (hours/person)
2007	9.9
2008	11.3
2009	12.0

\*2. Training hours include the hours spent in the skills and stratified educational seminars given at the AGC Monozukuri Center but do not include the hours spent in the training provided independently by each department or in external training.

## Employee Support System and Improvement of the Workplace Environment (Asahi Glass)

### ● Asahi Glass Human Resources Management (HRM) System

Asahi Glass manages employees fairly in consideration of their abilities and performance. We aim to provide our diverse range of employees with the systems and environments necessary to help them perform their jobs, without discrimination based on gender, age, or disability. We have introduced the following two human resources management systems in order to clarify employees' roles, functions, and responsibilities; to utilize capable employees regardless of their age, length of service, and gender; and to evaluate them fairly.

#### Job grading system (for managers, introduced in 2005)

The job grading system is an HRM system focusing on the functional roles and responsibilities of managers. It is linked with each business and organization and geared towards the accomplishment of their business goals and is designed to keep a good balance between the responsibilities of managers and their compensation, thereby strengthening the competitiveness of the entire company.

#### Three different career courses (for non-managers, introduced in 2003)

Each career course provides compensation and evaluation systems based on their features.

### Employee-Related Data of Asahi Glass

Number of Employees (as of December 31, 2009, excluding those dispatched to other organizations)

Classification	Male	Female	Total	Percentage of females	
Managers	1,863	72	1,935	3.7%	
Non-managers	E Course*3	745	88	833	10.6%
	S Course*4	3,065	49	3,114	1.6%
	C Course*5	15	433	448	96.7%
	Subtotal	3,825	570	4,395	13.0%
Total	5,688	642	6,330	10.1%	

\*3. Applied to employees who will promote business strategies and implement enhancement measures for their departments as key persons

\*4. Applied to employees who will contribute to production activities by acquiring, improving, and handing down production technologies and skills

\*5. Applied to employees who will be in charge of conducting clerical work accurately and quickly

### Other Employment Data

	Male	Female	Total
Average age	40.7	37.4	40.4
Average length of service	17years and 6 months	12years and 1 months	16years and 11 months
Average overtime working hours	15.35 hours/month (average for members of the labor union)		

### ● Career Development

Asahi Glass has the Challenging Career System in place. This is a system to encourage employees to choose jobs in which they can use their expertise, and through this system we place the right people where necessary, such as in newly launched businesses and areas that need to be reinforced. This system serves as a further stimulus to our organization.

Also, we have the Professional System and the Meister System to utilize and evaluate those having advanced technologies and skills.

#### Challenging career system

- An in-house voluntary recruitment system, under which employees apply to job offers publicly given by in-house departments once a month (applied to a total of 140 employees as of December 31, 2009)\*6
- An in-house "free agent" system, under which employees register the jobs that they wish to perform at other departments, and undergo screening individually according to their details of registration (applied to a total of 84 employees as of December 31, 2009)\*6

#### Professional system

- A system under which managers having extremely advanced technological skills and expertise are used as high-level professionals, and evaluated and treated appropriately (applied to 28 managers as of December 31, 2009)

#### Meister system

- A system under which engineers having extremely high skills and knowledge are used as highly skilled engineers, and evaluated and treated appropriately (applied to seven employees as of December 31, 2009)

\*6. The total number of users since 1999



Information about human resources development:  
<http://www.agc.co.jp/english/csr/diversity/program.html>

### ● Employment of Retirees

In April 2006, following the revision of the Act Concerning Stabilization of Employment of Older Persons, Asahi Glass introduced a system to continuously employ retiring non-managers who meet the personnel criteria for continuous employment. The criteria are provided for in the labor-management agreement, with the aim of utilizing the expertise, technologies, and skills of retirees. Subsequently in April 2008, we introduced a new continuous employment system in view of increasing social need for the employment of retirees, after conducting surveys to identify the retirees' needs and the workplace needs for the securing and transfer of technologies and skills. Under the new system, we have expanded the range of employees who are eligible for the system, thereby enabling more employees to continue to work until they reach the legal retirement age.

We are committed to providing work opportunities where employees with diverse backgrounds and high motivation can fully display their abilities and make use of their experience, regardless of age.

#### Continuous Employment Rate of Retirees

FY	Number of re-employed retirees	Number of fixed aged retirees	Continuous employment rate
2006	20	84	23.8%
2007	46	126	36.5%
2008	94	159	59.1%*7
2009	70	176	39.8%*8

\*7. In April 2008, we introduced a new continuous employment system. As a result, the continuous employment rate increased from the levels up to 2007.

\*8. In fiscal 2009, we implemented a range of employment measures in the face of the global economic recession. As a result, the continuous employment rate decreased from the fiscal 2008 level.



## ● Employment of People with Disabilities

In order to realize the value of Diversity, Asahi Glass has been increasing the employment of people with disabilities. In fiscal 2008, our employment rate of people with disabilities reached 1.95%, exceeding the rate designated by law (1.80%) for the first time. The rate exceeded the statutory rate also in fiscal 2009. We will continue to make efforts to further raise the employment rate by fostering cooperation with relevant organizations.

### Employment Rate of People with Disabilities

FY	Number of people with disabilities (actual number)	Employment rate
2005	82	1.51%
2006	83	1.54%
2007	94	1.74%
2008	105	1.95%
2009	104	1.97%

### The Special Subsidiary, AGC Sunsmile, Inc.

In fiscal 2002, Asahi Glass established AGC Sunsmile, Inc. as its special subsidiary with a view to increasing the employment of people with intellectual disabilities. Since its foundation, the company has been cooperating with relevant organizations to provide a better work environment for employees with high motivation.

Employees of this company are engaged mainly in cleaning at the business sites and company residences of Asahi Glass, having bases in the following three areas: Keihin, Sagami, and Osaka. We will continue to increase the number of these bases and expand the jobs and staff of the company so as to achieve more employment of people with disabilities.



Helping People with Disabilities Work Safely and Pleasantly and Achieve Results

Yuji Koike  
AGC Sunsmile, Inc.

I am entrusted with the role of helping employees of AGC Sunsmile to work safely and pleasantly and achieve results. To this end, I give instructions to the employees with, devise teaching methods, praise and scold them in consideration of their personalities and conditions of the day.

I constantly instruct them to: (1) think independently and (2) greet cheerfully. For the first instruction, I patiently give them enough time to acquire the habit of thinking independently. For the second instruction, I am proud that employees of AGC Sunsmile can now greet more cheerfully and agreeably than employees of any other AGC Group companies.

Although Sunsmile is a young small company, I can learn a lot of things while understanding the value of diversity. I am pleased to see both employees and the company growing every day. I would like to make the company more active and attractive for the employees, while playing a central part in AGC Group's employment of people with disabilities.



## ● Further Employment and Promotion of Female Employees

At Asahi Glass, the number of female non-managerial staff (excluding those temporarily dispatched to other companies) is 570, accounting for approximately 13.0% of all non-managers. The number of female managers is 72, and accounts for approximately 3.7% of all managers. We will continue to establish necessary systems and examine measures to increase the number of female employees and managers toward the achievement of Diversity, which is one of our shared values under our Group vision.

## ● Work-Life Balance

In order to help its employees perform their jobs with ease of mind and fully demonstrate their abilities at every stage of their lives, Asahi Glass is improving its workplace environment to make it more comfortable, and implementing measures to help employees keep a good balance between their work and private lives. Specifically, we have not only established a range of systems to ensure a better work-life balance, but also committed to cultivating a corporate culture that encourages employees to use these systems such as training seminars on work-life balance in the educational program for new managers.

### Supporting Employees in Balancing Their Work and Childcare

We have long been providing employees with better conditions than legally required under our childcare support systems. In 2007, we revised the systems in order to further strengthen them. We also implemented the action plan mostly as planned, which we had submitted to the Tokyo Labour Bureau of the Ministry of Health, Labour and Welfare based on the Law for Measures to Support the Development of the Next Generation in 2005. As a result in April 2008, we were certified by the Bureau as a childcare-supporting employer. We will continuously review our support systems to make them easier for employees to use and will also introduce new systems upon their request.



### Comparison between Asahi Glass's Childcare Leave System and Legal Requirements

Legal requirements*1	Asahi Glass's system
Childcare leave	
<ul style="list-style-type: none"> <li>Available until the child becomes one year old (or 14 months old if both parents take childcare leave or 18 months old if certain conditions are met)</li> </ul>	<ul style="list-style-type: none"> <li>Available until the child becomes 18 months old or until the end of the April immediately following the child's first birthday, whichever is longer</li> <li>Available as a special "short-term childcare leave" if the leave period is less than one month</li> </ul>
Shortened working hours for childcare	
<ul style="list-style-type: none"> <li>Available until the child becomes three years old</li> <li>Employers are required to make efforts to shorten the working hours of employees with children aged three years or older, until the child enters elementary school.</li> </ul>	<ul style="list-style-type: none"> <li>Working hours can be shortened by up to 2.5 hours per day until the child completes third grade education at elementary school. This system is available on a multiple basis. After a certain period has passed since starting to use this system, the employee may alter their application details (the number of hours they wish to have reduced, their work starting and finishing times, etc.)</li> </ul>
Capping of the number of overtime and holiday working hours for childcare	
<ul style="list-style-type: none"> <li>The overtime working hours should not exceed 24 hours per month or 150 hours per year if an employee with a pre-elementary school-aged child so requests.</li> </ul>	<ul style="list-style-type: none"> <li>If an employee so wishes, their overtime and holiday working hours may be reduced to zero until their child completes third grade education at elementary school.</li> </ul>
Other	
-	<ul style="list-style-type: none"> <li>Flexible working hours without "core working hours"</li> <li>Support for using facilities and services for childcare under the selective benefits package system</li> <li>A system in which employees, as a general rule, assume the same job after returning from leave</li> </ul>

\*1. To be met after the Law is revised in June 2010

**Supporting employees in balancing their work and family care**  
Asahi Glass is also actively supporting employees in working and caring for their family members in a compatible manner.

**Systems to support the compatibility of work and family care**

- Employees can take family care leave or work shorter hours for up to one year per family member who needs to be cared for, and up to twice for the same member, as required.
- Family care leave of less than one month is treated as special "short-term family care leave."
- Flexible working hours without fixed "core working hours"

**Employees Taking Childcare/Family Care Leaves**

FY	No. of employees who took childcare leave	No. of employees who took family care leave
2005	29	1
2006	30	3
2007	43* <sup>2</sup> <small>(including two employees taking short-term childcare leave)</small>	5 <small>(including two employees taking short-term childcare leave)</small>
2008	42* <sup>3</sup> <small>(including two employees taking short-term childcare leave)</small>	2
2009	54* <sup>4</sup> <small>(including two employees taking short-term childcare leave)</small>	1

\*2. of which two employees were male  
\*3. of which three employees were male  
\*4. of which three employees were male

**Reducing overtime working hours**

Regarding overtime work, Asahi Glass has the following principles: (1) to reduce overtime and holiday work through the improvement of work efficiency and working styles; and (2) to prevent employees from working overtime without pay. Based on these principles, we are committed to managing the daily work of employees based on sufficient communication between managers and subordinates, and complying with the Labor Standards Act with regard to labor-management discussions and related procedures. Also, by precisely recording the arriving and leaving times, we identify how long each employee stays at the workplace. We have a system to clarify the reasons for excessive overtime work, to improve the situation and to manage employees' working hours appropriately.

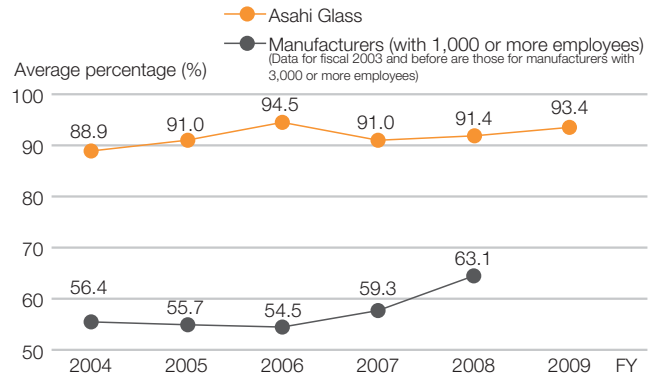
As for the prevention of health damage due to overwork, we have our own criteria, which are stricter than the law requires. Based on these criteria, we mandate overtime workers to consult the industrial doctor, thereby ensuring their health.

We will continue to implement these measures to provide all employees with an environment where they can work with high motivation in good health.

**Annual paid leave**

The percentage of the leave consumed came to 93.4% (average for the labor union members) at Asahi Glass in fiscal 2009, up 2.0% from the previous year. In fiscal 2008, we introduced a half-day leave system to enable employees to use their paid leave more efficiently and flexibly.

**Average Percentage of Annual Paid Leave Used**



**● Labor-Management Relations**

At Asahi Glass, the Asahi Glass Labor Union is organized. In labor-management negotiations, both the labor and the management sides take a logical and reasonable attitude to solve problems through discussion. The labor union negotiates with the management on working and other conditions for its members.

In addition to open daily communications, the labor union management and directors of the company have a meeting on the entire business management at least twice a year.

**Data about the Asahi Glass Labor Union**

FY	Number of members* <sup>5</sup>	Average age	Average years of service
2007	3,880	40.8	19 years and 4 months
2008	3,974	40.1	18 years and 4 months
2009	4,009	39.2	16 years and 11 months

\*5 . Asahi Glass adopts a union shop system under its labor agreement.

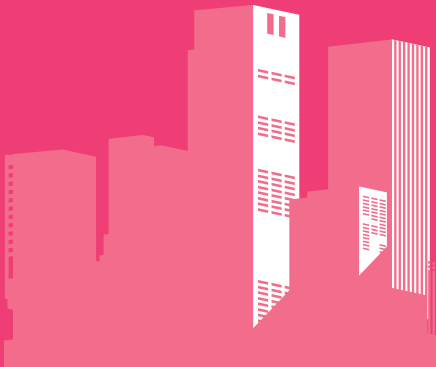
**● Protection of Human Rights and Prevention of Harassment**

In Asahi Glass the Human Rights Office of the Human Resources & Administrative Office and the Compliance Group of the Group Corporate CSR Office are making efforts to provide employees with a work environment that is free from discrimination or harassment. For early detection of problems, we offer both internal and external contacts whom employees, in the event that they become victims, can consult with ease of mind. Reported cases are treated through the retraining of perpetrators combined with an emphasis on reforming the consciousness of the workplace.

As for harassment, we conduct seminars for top executives and training for managers to prevent harassment. In fiscal 2009, approximately 1,400 managers attended the training sessions. In addition, we are improving the skills of our human resources staff and counselors on sexual harassment so that employees can use a better and easier consulting system.



## Harmony with Society From “Responsibility” to “Reliability”



### Third-Party Opinion



Associate Professor  
**Takashi Shimosawa**  
Department of International  
Culture, Faculty of Cultural  
Policy and Management,  
Shizuoka University of  
Art and Culture

### Promoting CSR Activities in Developing Countries

In the progress of globalization, it is becoming increasingly difficult to find Japanese companies that do not rely on the markets and labor forces of developing countries. Amid this trend, Japanese companies are now required to conduct CSR activities not only in Japan but also in developing countries and the activities need to be recognized by local people in a visible manner. Unfortunately, however, many Japanese companies tend to conduct CSR activities only in Japan, perhaps because they have faced difficulties in providing specific support to developing countries or in finding reliable NGOs to work with.

Companies with factories and offices in developing countries have more decisive reasons and also more possibilities to conduct CSR activities in those countries. In fact, AGC Group has already begun doing this ahead of others, and I would like the Group to continue to be a leader of Japanese companies in terms of CSR activities in developing countries.

### Key to Successful CSR Activities –Cooperation with NGOs

When Japanese companies conduct CSR activities in developing countries, they can act more promptly and appropriately by cooperating with Japanese NGOs that have abundant knowledge of local communities. Japanese companies are now increasingly required to engage NGOs in all their CSR activities, including social contribution activities. To meet this requirement, I hope that Japanese companies will continue to make dialogue with a range of stakeholders including NGOs. I believe that as the companies share more roles with NGOs, their CSR activities will gain more ground.





## Contribution as a Good Corporate Citizen

AGC Group is engaged in a variety of activities with the aim of contributing to further enhancing a healthier society as a responsible corporate citizen.

AGC Group established “AGC Group Social Contribution Basic Policy” in February 2010. This policy explicitly states AGC Group’s view concerning social contribution activities. AGC Group will

further press ahead with its social contribution activities with the understanding of our stakeholders.

### AGC Group Social Contribution Basic Policy

In its AGC Group Charter of Corporate Behavior, the AGC Group declares it will “strive to be a trusted corporate citizen, fulfilling its responsibilities to the communities in which it does business.” To achieve this, we conduct social contribution activities in three priority areas.

#### Priority areas

##### 1. Support for the next generation

We, as a creator of future value, support the development of children, who will carry the future, helping them to live out their dreams.

##### 2. Harmony with local communities

We, as a member of the communities in which we operate, contribute to their sustainable development.

##### 3. Natural environment conservation

We, as a global enterprise, contribute to the solution of global environmental problems.

### Topics for Social Contribution Activities in Fiscal 2009

People

Support for the next generation

Community

Harmony with local communities

Environment

Natural environment conservation

Donating Laminated Glass for Disaster Resistance Project and Receiving Responses from across the Country

Japan

People

Community

Environment

AGC Group has been implementing the Glass Power Campaign since 2005 to promote the use of laminated glass for disaster resistance. As part of this campaign, we launched a project to donate laminated glass for disaster resistance to schools designated as evacuation centers and have already made donations to 22 schools across Japan. In September 2009, the mayor of Hino Town in Tottori Prefecture visited us to present a letter from the president of the student council of Hino Junior High School, to which we made a donation. The president wrote “We are very pleased that we can use the gymnasium, where sunbeams stream through the donated laminated glass, as a place for gym classes and club activities and also as a place to make exchanges with the local community.” The laminated glass donation project has received a lot of feedback from all over Japan even after the donation. We found this activity was very significant: it pleased not only the students but also the staff of the schools and local residents.



Students experiencing the effect of laminated glass for disaster resistance

Holding Special Science Classes to Communicate the Joy of Science to Elementary School Pupils

Japan

People

Community

AGC Group held special science classes at elementary schools in Chiba Prefecture in January 2010. These “Investigators of the chemical magic” classes were intended to communicate the joy of science to children through experiments not undertaken in ordinary science classes. Young engineers from Asahi Glass Chiba Plant, where chemicals are manufactured, led experiments using sodium bicarbonate and provided easy-to-understand explanations about chemical reactions. Children participating in one of the classes later wrote to us, “Thank you very much for the fantastic science class. Please visit us again to communicate the joy of science once more.” We will continue to hold these special classes that only AGC Group can provide, in order to bring the joy of science to more students.



Special science class “Investigators of the chemical magic”



## “Open Kids’ Vision to the World” Widens Children’s View

Thailand

People

Community

AGC Flat Glass (Thailand) Public (AFT), which manufactures and sells various float glass, conducted an activity called “Open Kids’ Vision to the World” in November 2009. In this program, AFT invited children living in a deep forest region in the western part of Thailand to the Sattahip coast in Chonburi, where its factory is located, to provide an opportunity to see the boundless ocean for the first time and broaden their views by recognizing how large the world is. The children who played in the sea with employees of AFT said at the end of the tour “Thank you very much” with tears in their eyes. Subsequently, in December of the same year, the employees visited the children in their hometown and presented school supplies and daily necessities to them. AFT will continue to conduct these activities to help children widen their views and live in a brighter world.



Children playing in the sea with employees

## White Factory Project through which Employees Contribute to Their Alma Maters

Thailand

People

Community

Since 2003, AGC Automotive Thailand (AATH), which manufactures and sells automotive glass, has been annually dispatching employees to a school to repair or extend its building under its White Factory Project. The school is chosen from among the schools from which employees have graduated. After a school is selected, engineers from the company draw up the necessary designs, AATH pays for the construction materials, and the employees visit the school during holidays to do repair or extension work. In recognition of their work, the employees, who are graduates of the school, become local heroes, and AATH can thereby foster even better communications with local communities. In fiscal 2009, AATH dispatched employees to an elementary school in the northeastern part of Thailand. The employees repaired the school building, whose construction had been suspended due to a lack of funds, by installing doors and windows and also painting the outer wall of the school.



Employees doing repair work for the school

## Communicating the Environmental Message at the Marathon

Belgium

Community

Environment

AGC Glass Europe (AGEU), which manufactures and sells raw and processed glass for the construction, automotive and solar industries, communicated its environmental message at the Brussels Half Marathon, “20 km through Brussels,” in spring 2009. Twenty athletes from all sites in Belgium wore the green T-shirt of the campaign “Going Green” (see page 32) which is aimed at creating a climate conducive to tackling environmental problems by all employees. They appealed the importance of being conscious of preserving our planet and launching to market products that respect the environment. No less than 27,000 participants (individuals or companies) joined this marathon and it was covered by a large number of media organizations. Therefore AGEU could communicate its environmental message to a lot of people.



AGEU members who joined the Brussels Half Marathon

## Composting Canteen Garbage into Liquid Fertilizer and Distributing It to Local Communities

Japan

Community

Environment

AGC Display Glass Yonezawa (ADY), which manufactures glass substrates for flat panel displays, began composting canteen garbage in 2008. Through composting, which is fostered as part of ADY’s recycling activities, the company can reduce waste and also restrain CO<sub>2</sub> emissions by 21 tons a year from the amount of CO<sub>2</sub> to be emitted if all the garbage is incinerated.

The liquid fertilizer made from the compost was initially distributed only to the employees. However in July 2009, ADY began distributing it also to local residents free of charge. This activity was widely reported by local newspapers and PR magazines, and through the three months from August to October 2009, the fertilizer was distributed to a total of 250 users, one of whom kindly commented, “It is safer than chemical fertilizers and vegetables grown with this fertilizer look better.” Another said, “I am very grateful to the company. I expect them to continue this activity.”



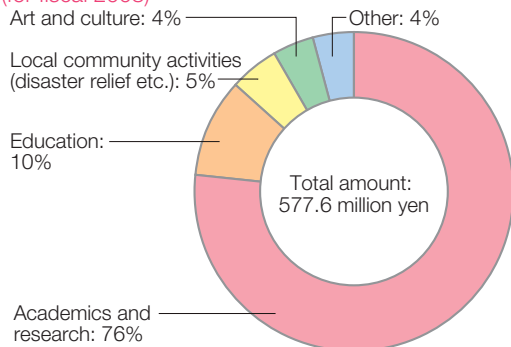
Liquid fertilizer packaged in containers, which can be distributed even on holidays

**Social Contribution Activities by Asahi Glass (Unconsolidated)**

Asahi Glass is committed to contributing to a healthier society by donating to academic and research activities and providing support for glass art works. We also support local communities, including by organizing local events within our plants, providing free access to the private sports fields, and cleaning up around the premises of our plants. Furthermore, we belong to the "1% Club"\*1 of the Japan Business Federation, a membership which we believe further facilitates our social contribution activities.

\*1. A voluntary membership organization of individuals and companies established by the Japan Business Federation in November 1990, which donates at least 1% of the members' ordinary or discretionary income for social contribution activities.

**Breakdown of Financial Expenditure on Social Contribution Activities of Asahi Glass (Unconsolidated) by Category (for fiscal 2008)**



\* The total does not always amount to 100% because of rounding off of fractions.

**Activities through Scholarship Foundations**

**Asahi Glass Scholarship Foundation**

Since 1957, Asahi Glass has been offering scholarships to outstanding Japanese and foreign exchange students requiring financial assistance through the Asahi Glass Scholarship Foundation, aiming to help develop globally competent human resources.

**Results in Fiscal 2009**

	Target	Number of students	Amount
Asahi Glass Scholarship Foundation	Japanese students	60	49.8 million yen
	Non-Japanese exchange students	21	24.6 million yen

**Overseas Scholarship Foundations**

As a means of giving back some of its profits to society and in commemoration of the 75th anniversary of its foundation, Asahi Glass established scholarship foundations overseas in Thailand and Indonesia, where it has a long history of business operations on a relatively large scale. The foundations grant scholarships to local high school and university students.

**Results in Fiscal 2008**

	Target	Number of students	Amount
Asahi Glass Thailand Foundation	University students	8	96,000 baht (Approx. 370,000 yen)
Asahi Glass Indonesia Foundation	University students	54	97 million rupiah (Approx. 1.26 million yen)
	Senior high school students	40	37 million rupiah (Approx. 480,000 yen)

\* Students who receive those scholarships do not have to repay the money or subsequently work for AGC Group.

**The Asahi Glass Foundation's Research Grant Program and Commendation Program**

The Asahi Glass Foundation strives to create a richer, more vibrant society and human civilization through a research grant for epoch-making science technology and awards for individuals and organizations who significantly contribute to the solution of global environmental issues.

The Blue Planet Prize is an international environmental

award annually presented to two individuals or organizations for outstanding achievements with respect to technologies or applications in the fields of social or natural sciences, which have helped providing solutions to global environmental problems. The winners in 2009, the 18th year, were Professor Hirofumi Uzawa from Japan and Lord Nicholas Stern from the United Kingdom.

The award ceremony was held in Tokyo in the presence of Their Imperial Highnesses Prince and Princess Akishino on October 21, while the commemorative lectures were given at the United Nations University on October 19. Professor Uzawa gave a lecture on his concept of Social Common Capital and the climate change problem, and Lord Stern gave one on the formation of international agreements for the solution of the climate change problem and on related responsibilities and opportunities.

**Main programs implemented by the Asahi Glass Foundation**

**1. Research grant program**

- (1) Research grants for natural sciences (Research encouragement grants, continuation grants for young researchers, and continuation grants for outstanding projects)
- (2) Research grants for humanities and social sciences (Research encouragement grants, continuation grants for young researchers, and continuation grants for outstanding projects)
- (3) Environmental research grants
- (4) Overseas research grants (in Thailand and Indonesia)
- (5) Research grants-related activities (award ceremonies, seminar on grant-supported research findings etc.)

**Results in fiscal 2008**

- Total number of grants: 143 (117 domestic and 26 overseas)
- Total amount of grants: 235 million yen

**2. Commendation program**

- (1) The Blue Planet Prize
  - Award ceremony
  - Commemorative lectures by the winners
- (2) Environment-related activities
  - Conducting annual survey on global environmental issues
  - Holding events and dispatching information about the global environment, including the Asahi Glass Foundation Special Round Table Conference on Global Environment Problems, which comprises the directors and councilors of the Foundation

**3. Publications**

- Annual reports and af-News (newsletters)
- Publications related to the Research Grant and Commendation Programs



His Imperial Highness Prince Akishino making a speech at the ceremony, and the recipients with their spouses



# Asahi Glass Aichi Plant Relations with Local Communities and Its Future Direction



AGC Group deems it its responsibility as a corporate citizen to make contributions to the local natural environment as well as human resource development in cooperation with the communities in which it operates. Based on this belief we held our fifth dialogue meeting at Asahi Glass Aichi Plant and exchanged opinions with stakeholders regarding measures taken by the plant and its future direction.

Date: 15:00 to 18:00 on Tuesday, Jan 26, 2010

## Participants

### About Asahi Glass Aichi Plant and Taketoyo Town

Aichi Plant began its operations in Taketoyo Town, Chita, Aichi Prefecture in 1970 and has since been manufacturing safety glass for automobiles and glass substrates for photovoltaic devices.

Aichi Plant started to invite local elementary school pupils on plant tours in 1996, aiming to become better known in the local communities. Asahi Glass is now introduced as a local glass company over eight pages in the supplementary readers used in social study classes for third- and fourth-graders of Taketoyo Town elementary schools

AGC Group launched the Glass Power Campaign in October 2005 to promote the use of laminated glass for disaster resistance. As part of this campaign, we have been implementing a project to donate disaster-resistant laminated glass to schools designated as evacuation centers, and we made a donation to Taketoyo Town Taketoyo Elementary School in August 2009.

Aichi Plant believes it important to ensure its safety and security not only for employees but also for local residents.



Mr. Yoshiteru Momiyama  
Mayor of Taketoyo Town



Mr. Toyohiro Sugata  
Manager, School Education  
Section, Board of Education of  
Taketoyo Town



Mr. Takeo Sakakibara  
Chairman, Headmasters' council of  
Taketoyo Town  
Headmaster of Taketoyo Town Fuki  
Junior High School



Mr. Masanobu Sakakibara  
Headmaster of Taketoyo Town  
Taketoyo Elementary School



Integrity

Environment and Safety

Diversity

Harmony with Society

**For the Environment—  
Becoming a Greener Factory  
in Cooperation with Taketoyo Town**

**Matsuo:** AGC Group emphasizes the importance of the environment and in particular implements measures against the climate change problem. We manufacture glass using a lot of energy, and as one of our priorities we commit ourselves to developing technologies to help reduce energy use in our glass manufacturing processes. We are also determined to contribute to finding solutions to the problem of climate change by developing environmentally friendly products and fostering their use. We have incorporated these two medium- to long-term targets in our medium-term management plan and are now making specific development plans for such technologies and products.

**Ohba:** As a part of our integrated environmental management system, we, Aichi Plant, have a system in which employees can make declarations about what they will specifically do as teams and individuals after the plant has decided its annual action plan. We believe it essential for each and every employee to always keep in mind that they should play a role in bettering the environment.

**Momiya:** Taketoyo Town obtained ISO 14001 certification in 2001 and has since been reviewing all the operations of the municipal government starting with its use of paper and electricity and treatment of waste. We have transferred the environmental know-how we obtained in the process to local public facilities, including schools and have also implemented measures to support local communities. For example, we have replaced the vehicles used for the delivery of school lunch food items with LNG-powered vehicles, fostered the introduction and use of photovoltaic devices, and encouraged local stores to charge shoppers a fee for throwaway plastic bags. In fact, the town has been historically recycling-oriented: for example, sake barrels made of high-quality Japanese cedar wood have been traditionally reused first as barrels for miso and then as barrels for Japanese pickles.

**Funahashi:** I have an impression that Taketoyo Town is highly environment-oriented. In this town, the Aichi Plant is committed to reducing its CO<sub>2</sub> emissions through technological innovations as the basic means to help prevent climate change and as an integral part of its business operations. On the other hand, the local government and communities are working to protect the



Mr. Yukio Iwakawa  
Leader of Higashi-odaka district



Mr. Yozo Hisada  
Sub-leader of Higashi-odaka district



Mr. Fumio Shigeno  
Adviser for Higashi-odaka district



Mr. Yasufumi Mase  
Director, NPO Association of Taketoyo Cultural Creation (NPO Taketoyo)



Mr. Yasuki Funahashi  
CEO, Fuluhashi Environmental Institute Co., Ltd.



Kazuya Ohba  
Head of Aichi Plant, Asahi Glass Co., Ltd.



Tokio Matsuo  
Executive Officer, General Manager of CSR Office, Asahi Glass Co., Ltd.



Mr. Yoshihiko Yamabuki  
(Facilitator)  
General Manager of Kansai Business Division, General Press Corporation





environment through day-to-day measures. At the plant, located in the town that is highly aware of the importance of the environment, environment-conscious employees are manufacturing products. I believe that Aichi Plant will become a green factory which coexists within Taketoyo Town by devising measures and activities and supporting the next generation through this relationship.

**Supporting Next Generation—  
To Develop Children of the Next Generation  
into Environment-Conscious Citizens**

**Sugata:** Every year we send third-graders from local elementary schools to Aichi Plant, where they can observe the various manufacturing processes. We hope this will help children discover the joy of manufacturing. The plant of Asahi Glass is a representative plant in Taketoyo Town and is quite famous among local children. We therefore dispatch local pupils to the plant with ease of mind.

**Masanobu Sakakibara:** We try to keep our elementary school pupils learning through actual experience. The plant tour indeed provides them with a good opportunity to learn by observing actual manufacturing processes.

**Takeo Sakakibara:** We send the students of our junior high school to local business establishments and shopping malls to provide them with opportunities to see people working. There is a saying, “Seeing is believing,” and in fact our students can take pride in their hometown by seeing how Asahi Glass, which is a very large company, operates its manufacturing facilities in their town. The presence of the plant has a positive impact both on the town and our local students.

**Mase:** Taketoyo Town has a center for cultural creation named “Yumetaro Plaza,” where we are conducting activities to fuse art and science. There are many manufacturing companies in the town and we ask them to dispatch their employees as teachers for special science classes. I am very grateful that corporate employees are participating in such municipal activities to help nurture a scientific mind in children. In the activity, Asahi Glass employees introduced highly energy-efficient glass products and tempered glass to children. In the future, I expect Asahi Glass to introduce new leading-edge technologies as well.

**Matsuo:** Asahi Glass is engaged in the chemical field as well as in the glass field. This year we dispatched employees for the first time to elementary schools in Chiba Prefecture, where they gave special science classes in which pupils were able to observe chemical reactions through experiments. As a manufacturer, we are worried about the fact that children are now becoming less interested in science. Believing that it would be beneficial not only to manufacturers but also to schools and society at large to encourage elementary school pupils to have a greater interest in science, we are planning to continue such activities into the future.

**Funahashi:** In environmental education, we must guide children through the following four steps. First, we must provide them with an opportunity to “become aware” of an environmental problem. For example, they may recognize that climate change is a serious problem, and then they will start worrying about their future. Second, as a result of becoming aware of the problem, they will want to “learn,” for example, what has caused the climate change problem. Third, we must encourage them to “take action,” although it is much more difficult for them to take action than to become aware of the problem and learn something about it. There are indeed so many things that we know we must do but we cannot actually perform. Children, however, might be able to do something if local companies encourage them. By actually taking action, children will recognize how pleasant it is to contribute to the environment, although they first thought it tiresome, and then they will “communicate” the results to their parents and friends and encourage them to act with them. This is the fourth and last step. I believe it important that Taketoyo Town and Asahi Glass continue to cooperate to establish a local model for children to follow the aforementioned four steps, namely to “become aware” of a problem, “learn” something about it, “take action” for the problem, and “communicate” the results. In the course of building such a model, it will be clarified what kind of education is necessary for each of the four steps and in which step the company should hold plant tours for children. I expect that Asahi Glass will greatly assist local children, who will be next-generation leaders, to become highly conscious of the environment.



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**In Harmony with Local Communities—  
Becoming a Company That Local Residents  
Want to Exist Forever**

**Iwakawa:** It has already been 40 years since Asahi Glass opened Aichi Plant in Taketoyo Town, when not a few of my classmates became employees of the plant.

**Shigeno:** In Taketoyo Town, land reclamation began in the latter half of the 1950s and Aichi Plant was constructed on reclaimed land. I have the impression that the plant has been operating in harmony with local communities since its foundation.

**Momiyama:** Historically the town has been growing along with local companies, and I think it would be great if Asahi Glass becomes a company that local residents naturally want to exist in the town forever.

**Masanobu Sakakibara:** We have a council to promote household education in the Taketoyo Elementary School District, which asks local residents to enjoy a range of activities with children and to teach them traditional games. Under such circumstances, we were able to win more votes regarding Asahi Glass’s project to donate disaster-resistant laminated glass.

**Eventually—  
Contributing to Making the Town a Place  
in Which Local Residents Can Take Pride**

**Mase:** Taketoyo Town has a population of about 40,000, which is a size quite suitable for community activities. Considering that many Aichi Plant employees live in this town, more than 1,000 in fact, the plant can achieve more wonderful results in their CSR activities by interacting and sharing the same goals with other local residents.

**Funahashi:** Along with the 40-year history of the Aichi Plant, the trees and other vegetation within its premises have grown well enough. From the eyes of environmental professionals like us, the factory has a good ecosystem and enough green land where you can implement nature observation programs. I think the plant can publicize this more widely to society while endeavoring to make itself a greener factory. Aichi Prefecture will host the 10th Conference of the Parties to the Convention of Biological Diversity (COP10) in October 2010, but in my opinion there are still few

activities conducted through close cooperation of companies and local residents in the prefecture. I think that Taketoyo Town is really unique in that the local government, schools, and companies make very close dialogue with one another. I believe this structure can immediately lead the town to take some approaches toward the conservation of biodiversity in cooperation with one another. By the way, I am afraid that the CSR Report of Asahi Glass does not introduce much about their employees to readers. In the next report, I expect that the company will give greater detail about people working for AGC Group.

**Hisada:** Reading the CSR Report, I feel it is most important for a company to provide employees with a work environment where they can work with satisfaction. It is essential for employees to be able to work with satisfaction and pride. I hope that Aichi Plant, where a lot of residents of Taketoyo Town are employed, will provide an even better work environment.

**Ohba:** I would like to thank you all for giving us your precious opinions today. We conduct activities adhering to the basic policy of managing the plant in a safe and secure manner while making contributions to local communities. We will make untiring efforts to build even better relations with local people and make the plant an even better workplace where employees can work with pride. We ask in advance for your continuous support.

**Matsuo:** I am pleased that Taketoyo Town and Aichi Plant have been having good relations, which provides a good example to other bases of AGC Group. As I said at the beginning of this meeting, AGC Group has been committed to protecting the environment, but we have still a lot of things to do to enlighten and educate employees about how each of them should think and act to help save our environment. In our human resource development efforts, it is essential to ensure individual employees understand the importance of the environment, as Mr. Funahashi pointed out. We must educate employees not only through desktop studies but also through actual experience. By doing so, we will contribute to the environment and to local communities even more. We ask you to continuously support us in our ceaseless efforts to become a company that can make contributions to a sustainable society by incorporating the opinions of our stakeholders.



# Connected with Society through Relations of Trust

AGC Group proactively discloses corporate information in a timely and appropriate manner so as to ensure sufficient communication with our stakeholders. Through such continuing efforts, AGC Group aims to incorporate your opinions into our CSR activities and gain your understanding and support for our Group-wide activities.

## ● Public Relations

AGC Group has established "Group Communication Guidelines" for the accurate communication of Group information to the world at large. Based on these guidelines we set up a cooperation system among public relations sections at Asahi Glass and its group companies in Asia including Japan, Europe, and North America, and established rules on disclosing and receiving information within and outside the Group. With prompt and appropriate information disclosure and sharing, we are striving to maximize our corporate value and further promote the integrated management of the Group.

The Group is establishing a system to ensure the timely disclosure of corporate information by appointing a person in charge of timely information disclosure from each of In-House Company/SBU and major group company to convey information to the Corporate Communications & Investor Relations Division. In addition, Timely Information Disclosure Committee meetings are held regularly to deliberate and decide whether each agenda addressed at Management Committee and Board of Directors meetings is subject to disclosure pursuant to the timely disclosure rules of the Tokyo Stock Exchange.

The Group also discloses negative information, such as instances of soil and groundwater contamination by Asahi Glass, appropriately on its website and via media releases. The Group carefully investigates the facts and promptly announces them with guidance from the government and experts.

## ● Investor Relations (IR)

AGC Group provides our shareholders and investors with a range of opportunities to enter a dialogue with the Group, wishing to help them deepen their understanding of our management strategies and business performance and incorporate their opinions into the management of the Group.

At the general meetings of shareholders, we use figures and images in reporting our business results to participants. Moreover, we implement measures to provide our shareholders with more convenient services, including sending notices of convocation as early as possible, posting the information on both Japanese and English websites, enabling shareholders to exercise their voting rights online, and posting notices of resolution on both Japanese and English websites.

Our IR activities include briefing sessions on our management strategies and quarterly and yearly financial results, small meetings for analysts and institutional investors, and factory tours. Regarding briefing sessions, we also provide audio data on both Japanese and English websites. In fiscal 2009, we participated in approximately 300 interviews with analysts and institutional investors. In addition, we created a DVD to introduce AGC Group to a wide range of investors including individual shareholders, and made it available via our website. Furthermore, we publish AGC Review twice a year, which gives an easy to understand explanation of our global business activities and products in addition to information about our management strategies and business performance.



Briefing session

### Communication tools

In addition to the communication tools introduced on the first page of this report, we publish the following documents:

#### Financial Results

<http://www.agc.co.jp/english/ir/library/tanshin.html>

#### Presentations

<http://www.agc.co.jp/english/ir/library/briefing.html>

#### Overview of Corporate Governance

<http://www.agc.co.jp/english/company/pdf/governance.pdf>

#### Company Overview

<http://www.agc.co.jp/english/ir/library/gaiyou.html>

#### AGC Review (Newsletter for investors)

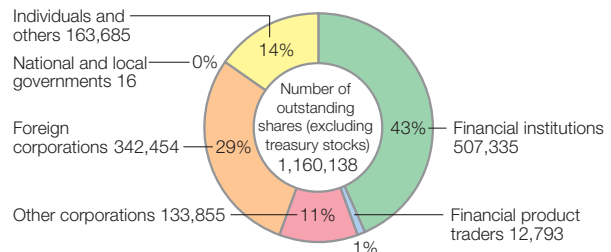
[http://www.agc.co.jp/english/ir/library/agc\\_review.html](http://www.agc.co.jp/english/ir/library/agc_review.html)

#### Fiscal Year Report (General Meeting of Shareholders Information)

<http://www.agc.co.jp/english/ir/stock/meeting/index.html>

### Number of Shares Held by Type of Investors (as of December 31, 2009)

(Unit: 1,000 shares)

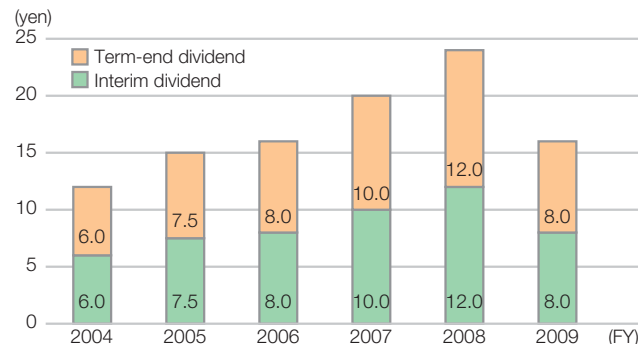


\* The sums do not total 100% because calculations are made excluding the holders of shares less than one unit.

● Returns to Shareholders

Based on a policy of maintaining stable dividends, AGC Group is doing its utmost to return profits to shareholders by aiming for a dividend payout ratio (consolidated) of approximately 30%, while giving comprehensive consideration to consolidated business results and future investment plans, among others. AGC Group will allocate retained earnings to R&D, capital investment, and loans and investments as well as merger and acquisition activities to improve its corporate value while strengthening its financial position.

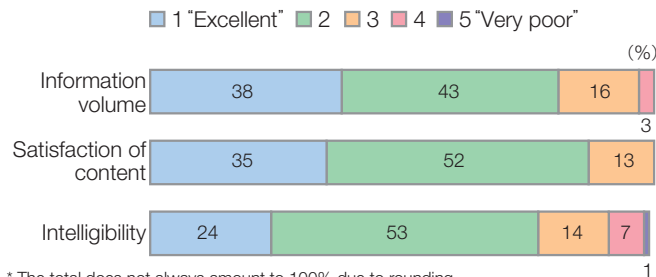
Dividends Per Share



● Incorporating Internal and External Opinions in CSR Activities and Reports

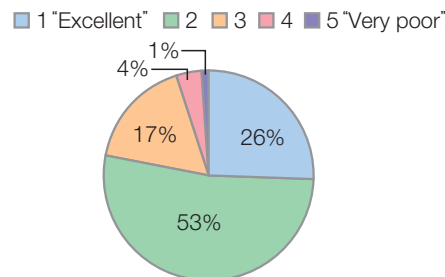
AGC Group welcomes your opinions and comments through the enclosed questionnaire in its CSR reports and on its website. As of the end of January 2010, we received 180 questionnaire responses through CSR Report 2009 (as compared to 35 in the previous year) and 954 opinions through the website (93 in the previous year). We have referred to these replies in improving our CSR activities and next CSR report.

Comments on AGC Group CSR Report 2009



\* The total does not always amount to 100% due to rounding.

About the Fulfillment of CSR



Some Opinions Given by Readers and Our Responses

\* Please note that due to space limitations, we have summarized some of the opinions shown below without changing the contexts.

● "I want more stakeholders, including the local community and employees, to participate in the Group's CSR activities."

**Response** We held a dialogue meeting at one of our manufacturing sites (see pages 54 to 57 in the CSR Report) to listen to the opinions and expectations of a variety of stakeholders, including those from local communities, local governments and NPOs. Moreover, compared with the previous report, we have included a greater number of articles in which employees themselves introduce their CSR activities.

● "I want to know the details, results, and future plans regarding the Group's social contribution activities."

**Response** In February 2010, AGC Group established the "AGC Group Social Contribution Basic Policy" incorporating the opinions received at the stakeholder dialogue held in 2009 and through communications within the Group. Adhering to the policy, we will clearly show our ideas about the Group's social contribution activities and further foster these activities, while gaining greater understanding of all our stakeholders (see page 51).

● "The climate change problem tends to be regarded as a negative factor for economic activities, especially for the manufacturing industry. I, however, think the problem can also provide a chance to create new industries, and companies are required to tackle it in a forward-looking manner."

**Response** AGC Group believes that the climate change problem gives it a great opportunity to make contributions to society through its business operations. In the CSR Report, we have introduced specific countermeasures taken by the Group for climate change in the feature articles on pages 8 to 15 and also on the pages outlining our environmental activities (pages 29 to 38).

● "It must be very difficult for the Group to behave consistently with its words "Our People are Our Strength," but it is indeed important for them to do so. I would like to know the specific measures taken by the Group to this end."

**Response** In this report, we have introduced the measures we have taken for the development and utilization of human resources on the pages on "Respect for People" (see pages 42 to 49) and have also proactively introduced the specific measures taken by Group companies.

Integrity

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## We Have Received Third-Party Opinions about This AGC Group CSR Report 2010



**Mr. Eiichiro Adachi**  
Research Chief  
Head of ESG Research Center  
The Japan Research Institute,  
Ltd.

This CSR report is all-encompassing and appropriately communicates AGC Group's commitment to fulfilling its CSR through a PDCA (Plan, Do, Check, and Act) cycle and contributing to the global environment by the use of innovative technologies and products. I also highly appreciate that the Group has shown its future vision in its "Aspirations for 2020."

The report, however, also clearly shows the challenges that AGC Group must meet to accomplish more in its CSR activities. AGC Group is a global corporate entity; on a consolidated basis, 73% of its employees work outside Japan and 53% of its sales are obtained outside the country. Moreover, it is reported that 29% of its outstanding shares are owned by non-Japanese entities such as foreign corporations. The Group therefore cannot show the whole picture of its activities or communicate all necessary information by only introducing its activities in Japan.

For example, with regard to AGC Group's greenhouse gas emissions, emissions in Japan account for only 27% of the total. Regarding the related environmental indicators, however, this report shows only unconsolidated data for Asahi Glass. The Group's greenhouse gas emissions per unit of sales in each of the regions outside Japan are double the amount in Japan, and I want to know what efforts the Group is making to reduce its emissions overseas as well as actual achievements. There are no comments about the Group's management of chemical substances in foreign countries in this report. Also for information about occupational

accidents, the report says the Group has been tabulating data for the entire Group since 2007, but contains no information about the tabulation results. AGC Group has set the target of lowering its environmental indicator for greenhouse gases to below 1.3 after fiscal 2010, and I expect that it will build a globally integrated environmental management system to attain this target.

In the "Respect for People" chapter as well, the report seems to focus a bit too much on topics in Japan. It is true that human resource exchanges can provide a good starting point to increase diversity, but I think it is necessary for the Group to go as far as appointing the right person for the right job on a global scale if it wants to achieve diversity in a true sense. In the "Compliance" section, the report says that the Group received 404 inquiries and questions through its Help Lines and I am interested to know how many of them have led to actual improvements. The report also says the Group will implement measures to increase the awareness of "AGC Group Purchasing Policy" across the globe and I will monitor the progress regarding this matter. In the feature articles, green procurement efforts made by the In-house Companies are described. It is indeed important for these companies to foster green procurement across their supply chains, in view of the fact that the natural environment tends to be destroyed and human rights tend to be violated in a more conspicuous manner in the most upstream portion of a supply chain, for example when resources are exploited.

I expect AGC Group, which aspires to become an excellent global corporation entity that contributes to the growth of newly developing regions and also advocates diversity among its 50,000 employees as a core strength, to advance to the next stage in its CSR activities.

\*In this third-party opinion, I have made comments about AGC Group's social and environmental activities and the disclosure of related information based on my understanding of this CSR report in my capacity as a researcher who provides financial institutions with corporate information necessary for making socially responsible investments. Please note that the comments do not constitute a judgment about whether the data contained in this report was measured and calculated according to the criteria for environmental and other reports that are publicly approved to be fair and appropriate and whether the report contains all necessary information.

### In Response to the Third-Party Opinions



**Tokio Matsuo**  
Executive Officer  
General Manager of CSR  
Office  
Asahi Glass Co., Ltd.

AGC Group has shown its future vision in "Aspirations for 2020". To achieve this vision, which demonstrates our commitment to making contributions to a sustainable society, we must give first priority to the climate change problem, and accordingly we have introduced our measures for this theme in the feature articles of this CSR Report as we did in the previous CSR Report. In this report, we have also introduced the measures implemented by each of our In-house Companies in their respective business processes.

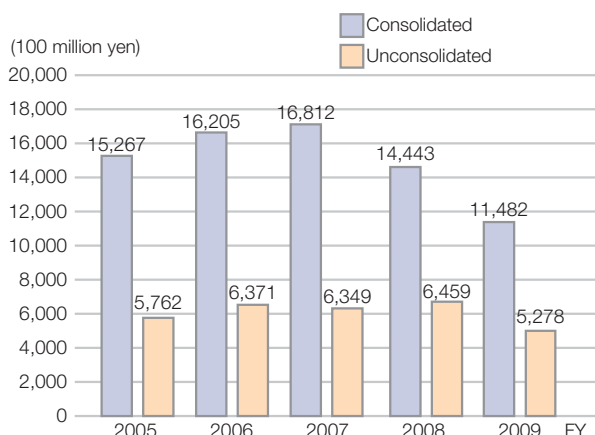
In the pages on our CSR activities, we have included more information about the targets and results which enrich our PDCA cycle in reference to the third-party opinion we have received. Moreover, believing it important to listen to a range of stakeholders and incorporate their opinions in our CSR activities, we have asked several experts to give their opinions on the individual activity areas introduced in this report in addition to asking for another opinion on the entire report. We also held a dialogue meeting at a plant of Asahi Glass to ask the opinions of local stakeholders.

Our CSR activities have been improved year by year, but the third-party opinions have made us recognize that we must meet yet more challenges, including the implementation of global measures in an accelerated manner. By tackling these challenges, we will achieve our vision shown in the Aspirations for 2020 and become a corporate group that is trusted and supported by society. We look forward to also receiving frank opinions and comments from the readers of this report.

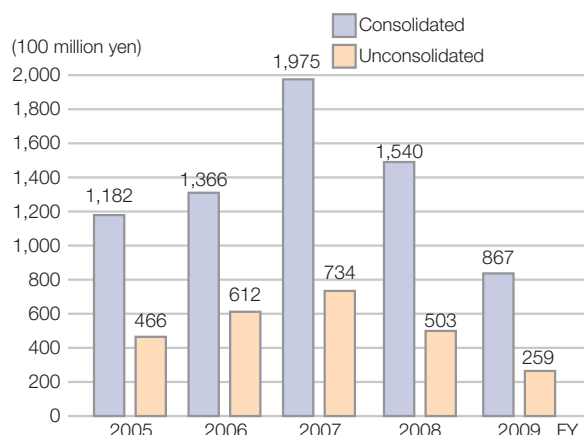
# Company Profile (as of the end of December 2009)

Name ······ Asahi Glass Co., Ltd.  
 Head Office ······ 1-12-1, Yurakucho, Chiyoda-ku, Tokyo 100-8405, Japan  
 Date of Establishment ······ September 8, 1907  
 Date of Incorporation ······ June 1, 1950  
 Paid-in Capital ······ 90,873 million yen  
 Stock issued ······ 1,186,705,905 shares  
 Number of Employees ······ (Unconsolidated) 6,330  
 (Consolidated) 47,618  
 Number of Consolidated Subsidiaries: ······ 178 (of which 141 are located overseas)

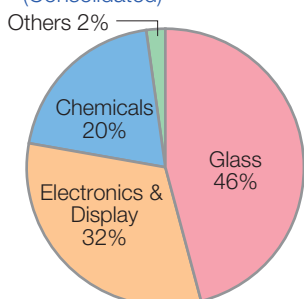
## Net Sales



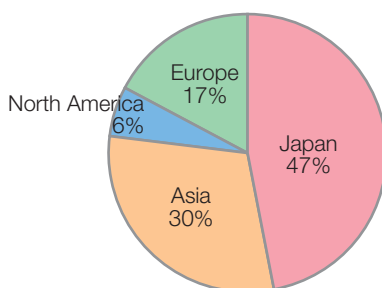
## Operating Income



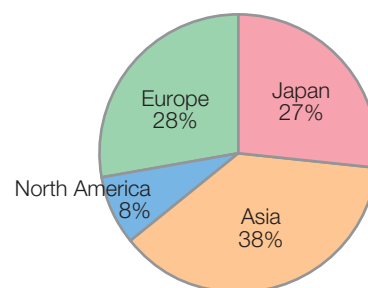
Sales by Business Segment (Consolidated)



Sales by Region (Consolidated)



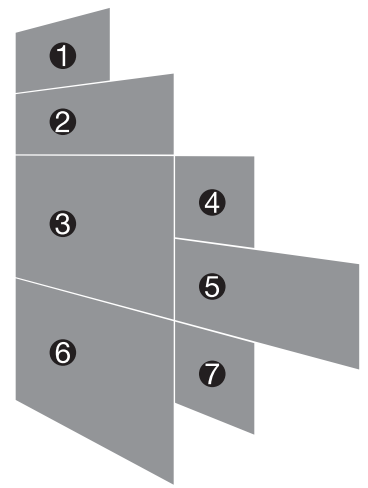
Distribution ratio of Employees by Region (Consolidated)



\* For the distribution ratio of employees, the total does not always amount to 100% because of rounding off of fractions.  
 \* As of the end of fiscal 2009

## Major Business by Segment

Segment		Main Products
Glass Operations	Flat glass business	Float flat glass, figured glass, polished wired glass, heat-absorbing glass, heat-reflective glass, architectural glass, fabricated glass for industrial use, photovoltaic cover glass, etc.
	Automotive glass business	Tempered glass for automobile, laminated glass for automobile, etc.
	Other glass business	Lighting lamp glass products, industrial glass products, etc.
Electronics & Display Operations	Displays business	Liquid crystal display (LCD) glass substrates, plasma display panel (PDP) glass substrates, glass bulbs for cathode-ray tubes (CRT), etc.
	Electronic materials business	Glass frit and paste, materials for semiconductor manufacturing equipment, synthetic quartz glass, optoelectronics materials, optical filters for PDPs, LCD backlight glass tubes, optical membranes, etc.
Chemicals Operations	Chlor-alkali & urethane business	Vinyl chloride monomers, caustic soda, urethane materials, gasses, solvents, etc.
	Fluorochemicals & specialty chemicals business	Fluorinated resins, water and oil repellents, battery materials, iodine products, etc.
Other Operations		Ceramics products, etc.



- ❶ Members of AGC Chemicals (Thailand)
- ❷ Klunder Architecten, Rotterdam  
(use of heat-insulating double-glazed glass)/Netherlands © AGC Glass Europe
- ❸ Oslo Opera (use of heat insulating glass)/Norway ©AGC Glass Europe
- ❹ Members of AGC Automotive Germany
- ❺ Allianz Arena (fluoropolymer films)/Germany
- ❻ Trinity Park I & II & III (use of heat insulating glass)/Poland ©AGC Glass Europe
- ❼ Solar panels/Spain  
Author Fernando Tomás (Zaragoza, Spain)

## ASAHI GLASS CO., LTD.

URL: <http://www.agc.co.jp/english/>

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The paper used for printing pages 1 to 60 of this report made with wood from forest thinning, "Mori no Chonai-kai" (Forest Neighborhood Association)-Supporting sound forest management.

