

Last updated on March 30th, 2010
Asahi Glass Co.,Ltd.

The following is an overview of Corporate Governance at the AGC Group.

I. Fundamental Policy Concerning Corporate Governance and Basic Information about Capital Structure, Corporate Attributes, etc.

1. Fundamental policy

The AGC Group's fundamental policy on corporate governance is to clearly separate the functions of oversight and execution of management, in order to strengthen the management oversight function. The fundamental policy also focuses on clearly distinguishing between the corporate function and the business operations function aimed at promoting speedy decision-making in the execution of business.

* "The AGC Group" means the Company and its consolidated subsidiaries.

2. Capital Structure

Percentage of Shares Held by Foreign Investors	over 20 percent and under 30 percent
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[Overview of Major Shareholders] As of December, 2010

Name of Shareholders	Number of Shares Held	Percentage of Total (%)
Japan Trustee Services Bank,Ltd.(Trust Account)	75,031,000	6.32
The Master Trust Bank of Japan,Ltd.(Trust Account)	66,141,000	5.57
Meiji Yasuda Life Insurance Company	48,078,000	4.05
Tokio Marine & Nichido Fire Insurance Co.,Ltd.	47,182,919	3.98
Nippon Life Insurance Company	32,838,705	2.77
The Bank of Tokyo-Mitsubishi UFJ,Ltd.	25,858,104	2.18
Mizuho Corporate Bank, Ltd.	24,272,208	2.05
The Asahi Glass Foundation	23,230,885	1.96
Mitsubishi Estate Co.,Ltd.	22,703,030	1.91
JP Morgan Chase Bank, N.A. 380055	21,558,191	1.82

3. Corporate Attributes

Stock Exchange Listings	Tokyo (1 st Section) and Osaka (1 st Section)
Fiscal Year-end	December
Sector	Glass and Ceramics products
Number of Employees (Consolidated)	1,000 and above
Net Sales (Consolidated)	1 trillion yen and above
Parent Company	NA
Number of Subsidiaries and Affiliates	100 and above but less than 300

4. Other Special Circumstances that may have a Material Impact on Corporate Governance

With respect to the subsidiary Ise Chemical Industries Co., Ltd., which lists its shares on the second section of the Tokyo Stock Exchange, the Company provides indirect support for business operations when needed, while respecting its independence as a listed company.

II. Overview of Corporate Governance Structure in terms of the Organization of Management regarding Managerial Decision-making, Execution of Duty, Oversight and other matters

1. Items Concerning Institutional Structure, Organizational Operation, etc.

Organizational Form	Company with a Board of Corporate Auditors
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Directors

Chairman of the Board of Directors	Chairman of the Company (excluding the case when the chairman of the company concurrently holds position of president)
Number of Directors	7
Elected of Outside Directors	Elected
Number of Outside Directors	3

Relation with the Company (1)

Name	Occupation	Relation(s) with the Company* ¹								
		a	b	c	d	e	f	g	h	i
Kunihiro Matsuo	Attorney				✓					✓
Hajime Sawabe	Executive of another company				✓	✓				✓
Toru Nagashima	Executive of another company				✓	✓				✓

*1. Options for relations with the Company

- a. From the parent company
- b. From other affiliate
- c. Major shareholder of the said company
- d. Concurrently serving as an Outside Director or Outside Corporate Auditor of another company
- e. Executive Director, Executive Officer, or similar officer of another company
- f. Spouse, relative within the third degree, or other equivalent of Executive Director, Executive Officer, or similar officer of the said company or the said company's specified affiliated entity
- g. Receiving compensation or other financial profits as Director from the parent of the said company or a subsidiary of the said parent company
- h. Limited liability contract signed between Director and the said company
- i. Others

Relation with the Company (2)

Name	Supplementary Information in Regard to Applicable Items	Reason(s) for Appointing the Outside Directors
Kunihiro Matsuo	-	Matsuo has served as Director of Public Prosecutions and has extensive experience in legal circles. He can make valuable suggestions and proposals regarding the Company's management from the perspectives of compliance.
Hajime Sawabe	-	As Chairman of the Board of Directors of TDK Corporation, Sawabe plays a key role in the business field and has extensive knowledge. He can make valuable suggestions and proposals regarding the Company's management.
Toru Nagashima	-	As Chairman of the Board of Directors of Teijin Limited, Nagashima plays a key role in the business field and has extensive knowledge. He can make valuable suggestions and proposals regarding the Company's management.

Other Items Related to Major Activities of Outside Directors

In fiscal 2009, a total of 14 Board of Directors meetings were held, including 12 regular and 2 extraordinary meetings. (Kunihiro Matsuo participated in 11 of 14 Board of Directors meetings and Hajime Sawabe attended 13 of 14 Board of Directors meetings. Toru Nagashima, who was appointed on March 27, 2009, participated in 10 of 11 Board of Directors meetings.)

At each Board of Directors meeting, every Outside Director present offered various suggestions and proposals in lively discussions. As for approval of the status of the Group's medium-term business plan and budgets, and related various investments, these Outside Directors fully confirmed the Group's future business strategy, competitors' moves, market trends, and other details in order to make appropriate decisions. We make regular reports on the status of compliance and improvement in the compliance system in the Group, about which Outside Directors gave various suggestions.

Moreover, the Outside Directors contribute to improving objectivity in the evaluation, election and remuneration of Directors, Executive Officers, and other parties as the members of voluntary Nominating Committee and the Compensation Committee.

Through the above activities, these Outside Directors fully perform their duties to oversee the Group's execution of management, and contribute to improving the accountability and transparency of management.

Corporate Auditors

Existence or Nonexistence of a Board of Corporate Auditors	Exists
Number of Corporate Auditors	4

Cooperation Between Corporate Auditors and Accounting Auditors

Corporate Auditors hold meetings with the independent accountant and obtain information on the progress of accounting audits, their results, and other details as well as strive to enhance the effectiveness of auditing jointly with the independent accountant based on its reports and through mutual exchange of opinions.

Cooperation Between Corporate Auditors and Internal auditing

Corporate Auditors hold a regular meeting (once a month) with the Internal Audit Office that has the internal audit function and obtain information on the progress of internal audits, their results, and other details as well as strive to enhance the effectiveness of auditing jointly with the Internal Audit Office based on its reports and through mutual exchange of opinions.

Outside Corporate Auditors	Elected
Number of Outside Corporate Auditors	3

Relation with the Company (1)

Name	Occupation	Relation(s) with the Company* ¹								
		a	b	c	d	e	f	g	h	i
Izumi Tamai	Former employee of another company								✓	
Kozo Tsukagoshi	Former employee of another company								✓	
Koji Ogaki	Former employee of another company								✓	

*1.Options for relations with the Company

- a. From the parent company
- b. From other affiliate
- c. Major shareholder of the said company
- d. Concurrently serving as an Outside Director or Outside Corporate Auditor of another company
- e. Executive Director, Executive Officer, or similar officer of another company
- f. Spouse, relative within the third degree, or other equivalent of Executive Director, Executive Officer, or similar officer of the said company or the said company's specified affiliated entity
- g. Receiving compensation or other financial profits as Director from the parent of the said company or a subsidiary of the said parent company
- h. Limited liability contract signed between Director and the said company
- i. Others

Relation with the Company (2)

Name	Supplementary Information in Regard to Applicable Items	Reason(s) for Appointing the Relevant Outside Corporate Auditors
Izumi Tamai	-	With many years of experience in financial institutions and plenty of knowledge about finance, Tamai can offer suggestions and proposals about auditing from his expert perspective and fully perform audit functions.
Koji Ogaki	-	By leveraging a wealth of experience in R&D activities and management as an officer, in the business field, Ogaki can offer suggestions and proposals about auditing and fully perform audit functions.
Shigeru Hikuma	-	With many years of experience at the Bank of Japan and plenty of knowledge about finance, Hikuma can offer suggestions and proposals about auditing from his expert perspective and fully perform audit functions.

Other Items Related to Major Activities of Outside Corporate Auditors

In fiscal 2009, the Board of Corporate Auditors held 15 meetings in total. Like inside Corporate Auditors, Outside Corporate Auditors participated in Board of Directors meetings and other important conferences, inspected important documents, audited the head office's divisions and other offices and plants, investigated subsidiaries, and then made reports on their results to the Board of Corporate Auditors, in accordance with the audit policy and plan that are formulated by the Board of Corporate Auditors.

Outside Corporate Auditors participate in Board of Directors meetings (14 times in fiscal 2009), where they ask questions about agenda items concerning earnings results and make comments on the Group's various investments, compliance, audit system, and other topics. Thus, Outside Corporate Auditors fully perform their audit functions.

Incentives to Directors

Implementation of Measures to Grant Incentives to Directors	Introduction of Performance-linked Remuneration Plan and Stock Option Plan
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Supplementary Information in Regard to Applicable Items

The Company has adopted a performance-linked bonus system only for Directors who concurrently serve as Executive Officer, and a stock options program for inside Directors. (However, Outside Directors were also eligible for ordinary-type stock options approved at the Ordinary General Meeting of Shareholders from 2002 to 2006.)

The Grantees of stock options	The Company's Directors, Employees of the Company, Directors of its Subsidiaries, Executive Officer, Auditors, Employees of its Subsidiaries and Others
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Supplementary Information in Regard to Applicable Items

The outline of the Company's stock options program is as follows.

Stock compensation-type stock options: Stock options aimed at further enhancing the motivation and willingness of Directors of the Company (excluding Outside Directors) and Executive Officers who do not concurrently serve as Directors of the Company to contribute to raising the Company's stock price and enhancing the Company's corporate value.

Ordinary-type stock options: Stock options aimed at further enhancing the motivation and willingness of employees of the Company, employees of its subsidiaries and others, to improve the Group's performance resulting in the enhancement of the Company's corporate value.

Director Remuneration

Disclosure Method	Annual Report filed with the Japanese government pursuant to the Securities and Exchange Law of Japan, Business Report
Disclosure Situation	The total amount of compensation paid to the Company's Directors and Outside

Directors is disclosed separately.

Supplementary Information in Regard to Applicable Items

Compensation paid to 8 Directors of the Company (including four Outside Directors) in fiscal 2009 is as follows.

1. Monthly compensation: ¥259 million (including ¥43 million for Outside Directors)
2. Performance-linked bonus: ¥103 million (paid to Directors concurrently serving as Executive Officer)
3. Stock compensation-type stock options: ¥106 million (paid to Directors excluding Outside Directors)

Note: Monthly compensation includes compensation for the three Directors (including one Outside Director) who retired at the close of the 84th Ordinary General Meeting of Shareholders held on March 27, 2009. Performance-linked bonus includes a bonus for one Director who retired at the close of the same meeting.

The Support System Provided for Outside Directors and Outside Corporate Auditors

The Corporate Planning Division, the secretariat of the Board of Directors, notifies Outside Directors that Board of Directors meetings will be held, delivers related materials to them, and when needed, explains agenda items of the meetings to them in advance.

The Secretariat of the Board of Corporate Auditors is tasked with assisting Outside Corporate Auditors in the coordination as to convening of Board of Corporate Auditors meetings; participating in other important meetings; and having meetings with the Representative Director, the Internal Audit Office and the independent accountant.

2. Items Concerning Functions such as Execution of Duties, Audit and Supervision, Designation, and Remuneration Determination

1. Oversight structure and implementation of measures

The Company positions the Board of Directors as a “body that approves basic policies and oversees the management of the Group.” The number of Directors is seven (including three Outside Directors) as of the day of submitting this document (March 30, 2010), and the term of office of Directors is one year.

In fiscal 2009, 14 Board of Directors meetings were held. At these meetings, members oversaw the Group’s management execution, decided on candidates for Director, and nominated and decided on Executive Officers for the following year. Further, they approved other important matters, such as the acquisition and disposal of important assets, budgets, the 2010–2012 medium-term business plan, and business and fund plans for the following year.

Aiming to further strengthen its corporate governance system, the Company has established the Nominating Committee and the Compensation Committee, as voluntary advisory committees of the Board of Directors, to improve objectivity in the evaluation, election and remuneration of Directors, Executive Officers, and other parties. The Nominating Committee, chaired by the Chairman of the Board, consists of five Directors, including three Outside Directors, as of today. In fiscal 2009, the committee met six times and recommended candidates for Directors and Executive Officers for the following year to the Board of Directors. To secure Outside Directors’ independence, the Company applies its own regulations, in addition to provisions of the Corporate Law concerning Outside Directors, as the criteria for appointing Outside Directors. The Compensation Committee, chaired by the Chairman of the Board, consists of five Directors, including three Outside Directors, as of today. In fiscal 2009, the committee met six times. The committee deliberated on the compensation system for and other matters regarding Directors and Corporate Auditors, based on the Company’s remuneration principles, which align the interests of shareholders and management, and motivate management to achieve performance goals designed to ensure the Group’s continuous development.

The Company adopts the Corporate Auditor system, and the Board of Corporate Auditors consists of four Corporate Auditors, including three Outside Corporate Auditors, (as of the day of submitting this document). In fiscal 2009, the Board of Corporate Auditors held 15 meetings. Each Corporate Auditors participated in Board of Directors meetings and other important conferences, inspect important documents, audit the head office’s sections and other offices and plants, investigate subsidiaries, and then make reports on their results to the Board of Corporate Auditors, in accordance with the audit policy that the Board of Corporate Auditors formulates. The Board of Corporate Auditors prepared audit reports based on each Corporate Auditor’s audit report and presented them to the Board of Directors.

2. Management system

Asahi Glass adopted an Executive Officer system, in which Executive Officers are responsible for the execution of the Group’s management and business operations. These officers share responsibility with one another for the execution of business operations under the command and directions of the President & CEO, who represents

Executive Officers. Executive Officers hold a one-year term of office.

The Company also established the Management Committee as an advisory committee for the President & CEO, and it deliberates on decision making for the Group's management and oversees the business management of In-House Companies and Strategic Business Units (SBUs).

With regard to the execution of business operations, the AGC Group introduced the In-House Company system; adopted a globally integrated management system; and transferred significant responsibility and authority for the execution of business operations to each In-House Company and SBU. In-House Companies are defined as business units with net sales of more than ¥200.00 billion and which conduct business globally. At present, there are three In-House Companies: the Glass Company, the Electronics Company, and the Chemicals Company. Business units of a smaller size than this are defined as SBUs (Strategic Business Units), and currently there is AGC Ceramics Co., Ltd.

3. Reason for the adoption of the current system

In establishing its corporate governance system, the Company attaches importance to separating the functions of oversight and execution of management, a mechanism to elect and evaluate top management and the long-term perspective of shareholder value at the Board of Directors. Based on this standpoint, we have adopted the aforementioned corporate governance system, including a Board of Directors that consists of a small number of Directors, the appointment of Outside Directors in a number that exceeds one-third of the total number of Directors and the establishment of a non-statutory Nominating Committee and a Compensation Committee.

4. Status of internal audits and accounting audits

Approximately 30 staff members in the Internal Audit Office and European and U.S. subsidiaries implement internal audits of the Group, including overseas group companies, based on an annual audit plan or other plans concerning the establishment of managerial and operational systems, and the legitimacy, rationality, and other aspects of business execution. To assist the CEO, the office also monitors the establishment and operations of an internal control system and risk management for the Group, and supports each In-House Company and SBU in establishing and operating an internal control system. Audit results are reported to the Board of Directors on a regular basis, while results of all audits are reported to the CEO and Corporate Auditors each time an audit is implemented. In addition, all material items pointed out are explained to the CEO and Corporate Auditors each time such items are pointed out, and improvement of these items is followed up.

The Company has commissioned KPMG AZSA & Co. to undertake accounting audits for fiscal 2009. The names of certified public accountants who carried out accounting audits in fiscal 2009, the number of years of their continuous auditing service, and the composition of assistants involved in the audits are as follows.

- Names of certified public accountants who conducted accountant audits (number of years of their continuous auditing service)

Teruo Suzuki (4 years)

Iwao Hirano (4 years)

Toshitaka Norimatsu (2 years)

- Composition of assistants involved in audits

Certified public accountants: 14

Junior accountants: 18

Others (in charge of system audits, etc.): 8

In fiscal 2009, the Company and its domestic consolidated subsidiaries paid 209 million yen to the independent accountant KPMG AZSA & Co. as compensation for the service stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law (Law No. 103, 1948). In addition, the Company paid compensation to an independent accountant for preparation of a comfort letter attendant upon the issuance of corporate bonds and advisory services concerning the adoption of International Financial Reporting Standards.

III. Implementation of Measures Related to Shareholders and Other Stakeholders

1. Measures to Revitalize the Shareholders's Meetings and Facilitate the Exercise of Voting Rights

	Supplementary Information
Early Distribution of Notice Regarding the Ordinary General Meetings of Shareholders	The Company sent the convocation notice of the 85th Ordinary General Meeting of Shareholders, which was held on March 30, 2010, 22 days prior (March 8, 2010) to the general meeting.
Setting of general meeting of shareholders not on days when general meetings of shareholders of other companies concentrate	The Company usually holds a general meeting of shareholders in March, when general meetings of shareholders of other companies do not concentrate.
Exercise of Voting Rights by Electromagnetic Means	The Company has introduced an electronic voting system that enables shareholders to exercise voting rights via the Internet (including Internet access via a cellular phone), and uses the platform for electronic exercise of voting rights for institutional investors that is operated by ICJ.
Others	The Company prepares the full translation of the convocation notice of general meetings of shareholders and the business report, with a view to making it easier for foreign shareholders to exercise voting rights. Aiming for the timely disclosure of information, the Company puts up the convocation notice of general meetings of shareholders in both Japanese and English on its website and the site for putting up proposals, which is operated by the administrator of the register of shareholders, on the same day as the said notice is sent.

2. IR Activities

	Supplementary Information	Existence or Nonexistence of explanation by a company representative
Holding of Periodic Conferences for Individual Investors	The Company holds briefings for individual investors several times a year.	Does not exist
Holding of Periodic Conferences for Analysts and Institutional Investors	The Company holds briefings by CEO for analysts and institutional investors once a year about the medium-term business plan (or its progress). The Company also holds briefings by CFO for analysts and institutional investors on the day it announces business results for the second quarter and the full year, and conference calls by the officer in charge of corporate finance for analysts and institutional investors on the day it releases business results for the first and third quarters.	Exists
Posting of IR Materials on Homepage	IR information put up on our website includes the followings. The same contents shall be put up on both Japanese and English website. (1) summary reports on business results; (2) securities reports(available only in Japanese); (3)AGC Report(company brochure); (4) financial reviews (former annual reports); (5) materials for corporate briefings and earnings briefings; (6) audio distribution of medium-term business plans and earnings briefings; (7) company overview and reference; (8) financial data collection (financial data for the last 10 years); (9) notice and its resolutions of ordinary	Exists

	<p>general meeting of shareholders and fiscal year report; (10) AGC Reviews (investor newsletters); (11) stock and bond information; (12) stock price information; (13)IR calendar.</p> <p><Japanese; http://www.agc.co.jp/ir/> <English; http://www.agc.co.jp/english/ir/></p>	
Establishment of a Post for IR	The Company has established a department in charge of IR in Corporate Communications & Investor Relations, to enhance IR activities in cooperation with each business division, the planning division, the financial division and other divisions within the Group.	
Others	The Company's CEO, CTO, CFO, the Executive Officer in charge of corporate finance or the person in charge of IR visits major domestic and overseas investors individually, and explains business results and other details but not by means of briefings. The Group also holds tours of plants and facilities on an irregular basis.	

3. Measures Concerning Respecting the Position of Stakeholders

	Supplementary explanation
Internal Rules, etc. Regarding Respecting the Position of Stakeholders	<p>In its Group Vision "<i>Look Beyond</i>", the Group defines <i>innovation & operational excellence, diversity, environment and integrity</i> as the four values that all members of the Group should share, and believes that the Group needs to be continuously trusted by all of its stakeholders in order to grow and develop.</p> <p>As a declaration to demonstrate such resolution, the Group has established the "AGC Group Charter of Corporate Behavior". For compliance, the Group has also formulated a Code of Conduct (AGC Group Code of Conduct) that stipulates faithful relationships with our customers, business partners, public agencies, employees, and other parties.</p>
Implementation of Environmental Conservation Activities, CSR Activities, etc.	<p>With respect to CSR, the CSR Committee deliberates on overall policies and issues relating to CSR in the Group. The committee, chaired by the CEO, is comprised of CTO, CFO and the head of each division.</p> <p>In the area of environmental conservation, the Group: has formulated the AGC Group Basic Environmental Policy; promotes the establishment of the Environmental Management System (EMS) based on ISO 14001, centering on manufacturers of the Group including overseas companies; pushes ahead with environmental activities, through which the entire Group can contribute to creating a sustainable society.</p> <p>Details of CSR activities are posted on the Company's website (http://www.agc.co.jp/csr/).</p>
Establishment of Policies, etc. Concerning Supplying Information for Stakeholders	In the AGC Group Charter of Corporate Behavior, the Group stipulates that it should have better communication with various stakeholders such as customers, local citizens and shareholders, as well as disclose information in a fair and appropriate manner. Regarding the timely and appropriate disclosure of information as one of the most important responsibilities of a listed company, the Company has formulated the Code of Conduct (AGC Group Code of Conduct) and the Regulations on Prevention and Control of Insider Trading; complies with laws, ordinances and regulations on timely disclosure; and manages necessary information.

IV. Basic Policy Concerning Internal Control System and Overview of their Implementation

Basic policy about the internal control system in the Company and its subsidiaries (hereafter referred to as the “AGC Group”)

Basic management policy

The AGC Group declares in the Group Vision published in April 2002 that it is a fundamental management goal of the AGC Group to continuously bolster its total corporate value by endeavoring to be the leader in each market in which it competes, in order to excel as a highly profitable and fast-growing enterprise group that supplies materials and components globally, based on its core technologies in the glass and fluorine chemistry areas and related fields.

The Group Vision also provides that all members of the AGC Group are expected to adopt and follow the four shared value of *innovation & operational excellence, diversity, environment* and *integrity*, which shall serve as the basis for every judgment they make and every action they collectively and individually take.

Furthermore, as guidelines for correctly pursuing “*Look Beyond*”, the AGC Group has formulated the AGC Group Charter of Corporate Behavior. Based on this Charter, the AGC Group aims to fulfill its social responsibility.

1. System to ensure compliance with laws, regulations and the Articles of Incorporation in the execution of duties by Directors and employees (Compliance Program)

The AGC Group defines *integrity* as one of the most important shared values in its Group Vision “*Look Beyond*” and establishes and strengthens its compliance program based thereon.

More specifically, the AGC Group has established the Compliance Committee and a Global Compliance Leader under the President & CEO, as a professional body responsible for legal and corporate ethical compliance. Chaired by a Global Compliance Leader (Executive Officer in charge), this Committee plans, formulates and executes the Company’s compliance measures. It has also established the Code of Conduct (AGC Group Code of Conduct), and implements necessary education and training, aiming to ensure business activities based on laws, regulations and corporate ethics.

In order to handle reporting and consultation on compliance, the Company has set up contact points as the helpline within an outside law firm and other bodies, in addition to the in-house reporting contact points. The Company also obliges all employees to submit a written pledge to comply with the Code of Conduct every year.

The status of compliance and the operations of reporting and consultation systems for compliance are reported to the Board of Directors on a regular basis.

The Internal Audit Office implements internal audits based on an annual audit plan and similar plans concerning the establishment of managerial and operational systems, and the legitimacy, rationality, and other aspects of business execution. The audit results are reported to the President & CEO as required, and to the Board of Directors regularly.

2. Information retention and management system with respect to Directors’ execution of duties

The Company retains and manages important documents and information pursuant to the applicable laws, regulations and relevant internal rules.

In order to maintain confidentiality of important documents and information, the Company informs every member about the basic policies for information security and personal information protection, and follows the designated procedures.

3. Rules and other systems to control risk of damage (risk management system)

Important risk factors for the AGC Group are specified and the state of risk management is deliberated periodically at the Management Committee and the Board of Directors. As for individual risks associated with business operations, each Corporate Division, In-House Company and SBU analyzes the risks of individual operations and projects, and discusses necessary countermeasures. If necessary and appropriate, the Management Committee and the Board of Directors deliberate the matters as well.

Each responsible division provides and announces respective guidelines for risks such as those associated with compliance, the environment, disasters, and product quality, and conducts training sessions, internal audits, and other activities whenever necessary.

Preparing for unforeseen events that could seriously affect both operating results and financial conditions of the AGC Group, a crisis management report line has been established so that critical information can be reported speedily and surely to the President & CEO, and further distributed and shared among the officers and the employees concerned. In accordance with the Crisis Management Manual and other relevant internal rules, the Company has established a system where emergency task forces (including the Overseas Safety Headquarters (HQ), the Earthquake HQ, and the Emergency Countermeasures HQ) can be set up immediately based on the

President & CEO's judgment, and initial measures can be taken without delay and appropriately.

4. System to ensure efficient execution of duties by Directors (system for efficient execution of duties)

As a fundamental policy on the corporate governance structure, the Company clearly separates the functions of oversight and execution of management, aiming to reinforce the management oversight function while ensuring quick decision making in management execution.

In regard to management oversight, the Company holds meetings of the Board of Directors including Outside Directors, deciding on important business matters and overseeing business execution. In addition, the Company has established the Nominating Committee and the Compensation Committee (both non-statutory) in order to warrant the objectivity of evaluation and selection of and compensation package for Directors and Executive Officers.

Authorities and duties with respect to management execution are delegated to each In-House Company and SBU in accordance with a certain standard under the In-House Company System and the Executive Officer System. Business operations are implemented and evaluated in accordance with specific key performance indicators established in line with the Company's management policy and its performance targets.

Duties are executed in accordance with the internal decision making rules based on division of duties and standards for approval. These operations are monitored and verified by internal audits periodically.

5. System to ensure appropriateness of operations in the corporate group consisting of the Company and its subsidiaries (Group company management system)

Certain significant matters related to subsidiaries are discussed at the Management Committee and the Board of Directors of the Company.

The AGC Group has established a compliance system for the AGC Group under the Global Compliance Leader (Executive Officer in charge) by establishing a Compliance Committee and stipulating common matters to be observed globally and matters to be observed by each country/region in the code of conduct.

The Compliance Committee promotes and develops a compliance program among each subsidiary (both domestic and overseas) using the Code of Conduct of the Company as guidelines, and improves the compliance system of the AGC Group.

The AGC Group has established a global internal audit, compliance and legal administration systems (over the three regions of Japan/Asia, Europe and North America) so that any important compliance issue or similar problem of the subsidiaries can be reported speedily to the Company for its appropriate action.

The status of compliance and operations of the reporting and consultation system for compliance are reported to the Board of Directors on a regular basis.

The Internal Audit Office and the internal audit staff in each region conduct internal audits of the Company and its domestic and overseas subsidiaries concerning the establishment of managerial and operational systems and the legitimacy, rationality, and other aspects of business execution, in accordance with an annual audit plan or similar plans. Results of such internal audits are reported each time to the President & CEO and periodically to the Board of Directors.

To ensure reliability of The AGC Group's financial reporting in compliance with the Financial Instruments and Exchange Law, we have also established a system of internal control over financial reporting by stipulating the "AGC Group Internal Control over Financial Reporting Implementation Regulations".

6. Matters regarding the audit system by Corporate Auditors

(1) Employees assisting duties of Corporate Auditors (if Corporate Auditors ask to appoint such employees)

The Company has established the Secretariat of the Board of Corporate Auditors which supports Corporate Auditors' duties.

(2) Independence of employees mentioned in the preceding paragraph from Directors

Transfer, performance evaluation, and other handling of staff to the Secretariat of the Board of Corporate Auditors are subject to the consent of the Board of Corporate Auditors.

(3) Systems of reporting to Corporate Auditors by Directors and employees, and other systems regarding reporting to Corporate Auditors

Directors and employees are required to report to Corporate Auditors on: any event that may violate relevant laws, regulations and the Articles of Incorporation; any event that may cause the Company significant damage; and other matters for reporting stipulated by in-house regulations.

(4) Other systems to ensure effective audits by Corporate Auditors

Corporate Auditors attend important meetings, including those of the Management Committee, the

Medium-Term Business Plan and Budget Council, and the Performance Monitoring Conference. In addition, Representative Directors and Corporate Auditors hold periodical meetings.

Meetings among Corporate Auditors, the Internal Audit Office with the internal audit function, and other parties are held regularly so that Corporate Auditors can obtain information on the progress and results of internal audits. The Company has also established a system under which Corporate Auditors can enhance the effectiveness of its audit in collaboration with the Internal Audit Office and the independent accountant, based on reports and exchange of opinions.

Basic policies and systems of the Company to eliminate antisocial forces are as follows.

The Company has declared the Group's social responsibility in the AGC Group Charter of Corporate Behavior and formulated the Code of Conduct (AGC Group Code of Conduct) that requires individual employees to conduct business activities in accordance with relevant laws, regulations and corporate ethics. In both the Charter and the Code, the Company clarifies its policies for confronting with antisocial forces resolutely and refusing any relations with such forces.

The Company is striving to exclude antisocial forces through the following measures. Corporate Auditors receive reports periodically from relevant divisions of the Company on donations, entertainment expenses, membership fees of enrolled organizations, and related matters, and check their contents. The Internal Audit Office has established a system where the Office checks whether each division of the Company and Group companies has paid inappropriate donations, entertainment expenses, membership fees of enrolled organizations, or related monies in internal audits conducted under the annual audit plan.

Furthermore, the Human Resources and Administration Office collects information on antisocial forces from related administrative agencies and other companies, and if necessary conducts training within the Group about sending out of information on such forces and countermeasures to take.

V. Other

1. Matters Regarding Takeover Defense

Not introduced.

2. Other Items Concerning Corporate Governance System, etc.

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The AGC Group's Corporate Governance Structure (Outline)

