



AGC CSR Report 2007

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* Future perspectives described in this report are based on the latest information available to Asahi Glass at the time of editing this report. Nevertheless, please note that results and consequences may vary with fluctuations in the business environment.

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Editorial Policy

Asahi Glass Co., Ltd. celebrates its 100th anniversary this year.

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), aiming to further develop the trust of society ensuring its sustainable development.

Featured articles outline how AGC Group is contributing to society through its innovative technologies and outstanding products and services, in which the competitive edge of the Group lies.

The report also introduces a variety of CSR related activities that AGC Group is conducting, expanding on their concepts, systems, specific examples (topics), and future challenges.

Scope of Reporting

·The report covers the activities of the AGC Group in fiscal 2006 (from January to December 2006).

*The report also mentions some activities conducted in fiscal 2007.

·In the text of this report, the "AGC Group" refers to the "Asahi Glass Company Group."

*The AGC Group comprises Asahi Glass Co., Ltd. (AGC) and its consolidated subsidiaries in Japan and overseas (a total of 239 companies).

**"Asahi Glass" refers to Asahi Glass Co., Ltd., the parent company of the Group, including its head office, research center, and plants in Kansai, Kitakyushu, Keihin, Takasago, Chiba, Aichi, Kashima, and Sagami.

Reference Publications/Guidelines

·Sustainability Reporting Guidelines 2006, Global Reporting Initiative
·Environmental Reporting Guidelines (2003), Japanese Ministry of the Environment

Publication

July 2007

URL of the CSR-related web page

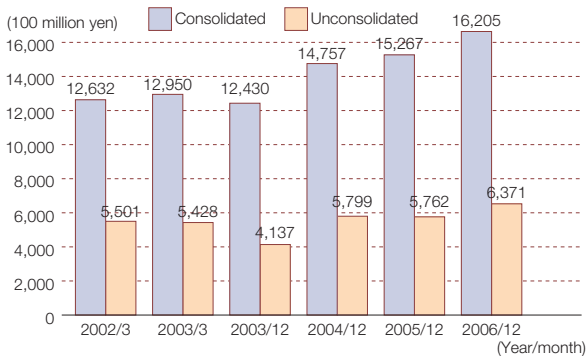
<http://www.agc.co.jp/english/csr/>

(To be updated at the end of August and September 2007 for the Japanese version and English version, respectively)

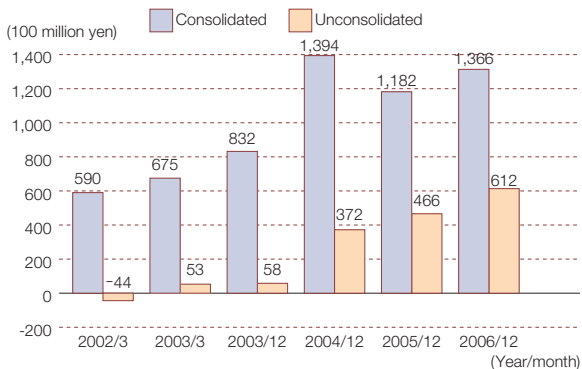
Company Profile (as of the end of December 2006)

| | |
|-------------------------------------|---|
| 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 | ¥90,480 million |
| Stock Issued | 1,186,013,684 shares |
| Number of Employees | Unconsolidated: 5,856 Consolidated: 54,228 |
| Number of Consolidated Subsidiaries | 239 (of which 176 are located overseas) |

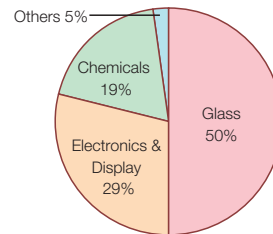
Net Sales



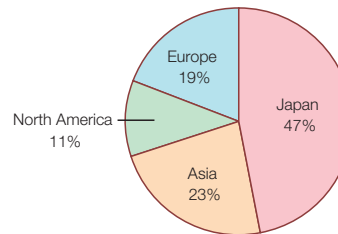
Operating Income



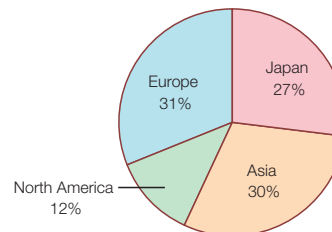
Sales by Business Segment (Consolidated)



Sales by Region (Consolidated)



Distribution Ratio of Employees by Region (Consolidated)



* As of the end of fiscal 2006

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

| Business Segment | Major Products | | In-House Company, SBU or Subsidiary |
|-----------------------|---|---|---|
| Glass | Flat glass | Float glass, double-glazing, figured glass, wired glass, heat reflective glass, heat absorbing glass, fabricated glass, mirrors | Flat Glass Company |
| | Automotive glass | Laminated glass, tempered glass | Automotive Glass Company |
| | Others | Glass fiber products | Asahi Fiber Glass Co., Ltd. (SBU) |
| | | Specialty glass (i.e. fluorescent light glass) | Asahi Techno Glass Corp. (glass products) |
| Electronics & Display | Display | CRT CRT glass FPD TFT-LCD glass, PDP glass, TN/STN LCD glass | Display Company |
| | Electronic materials | Semiconductor processing materials (synthetic quartz and others), display materials (backlight tubes for LCDs), optical components (optical pickup elements and others) | Electronics & Energy (SBU) Asahi Techno Glass Corp. (electronics-related products) |
| | | Small-and medium-sized displays | Optrex Corp. (SBU) |
| | | | |
| Chemicals | Fluorochemicals and specialty products | Fluorinated resins, gases and solvents, water and oil repellent agents, ion-exchange membrane, pharmaceutical intermediates and bulks | Chemicals Company |
| | Chlor-alkalis and urethane | Caustic soda, caustic potassium, hydrochloric acid, vinyl chloride products, urethane | |
| | Iodine-related products and others | | Ise Chemicals Corp. |
| Others | Glass melting furnaces, ceramics products for industrial furnaces, fine ceramics products, and others | | Asahi Glass Ceramics Co., Ltd.(SBU) |

In April 2002, the AGC Group introduced the In-House Company system.

An In-House Company is defined as business unit with net sales exceeding 200 billion yen, which conducts its business globally. At present, there are four In-House Companies: the Flat Glass Company, the Automotive Glass Company, the Display Company, and the Chemicals Company. Business units of smaller sizes than this are defined as Strategic Business Units (SBUs).

A professional portrait of Masahiro Kadomatsu, President & CEO. He is an older man with dark hair, wearing a dark grey suit jacket, a white shirt, and a dark tie with light blue and white stripes. He is seated at a dark wooden table with his hands clasped in front of him. The background is a plain, light-colored wall.

Message from the President & CEO

Pursuing **“Look Beyond”** : Aiming at
Being a Corporate Group Trusted by Society
for the Next 100 Years

Masahiro Kadomatsu, President & CEO

M. Kadomatsu

Top Message

Celebrating Our 100th Anniversary

For a company to maintain sustainable development as a going concern, it is essential to have the continuous trust of society.

On September 8 this year, Asahi Glass Co., Ltd. (AGC) will celebrate its 100th anniversary. Over the past century, the business environment has greatly changed, and we have faced our share of obstacles and crises. Nevertheless, we have overcome all challenges to build the AGC Group of today. I would like to express my gratitude and respect to all former employees for their sincere commitment toward meeting the demands and expectations of society. They boldly took on challenges and embodied the spirit of the company's founder: "Never take the easy way out—address the difficulties." Furthermore, I would like to thank all our stakeholders, including our customers and shareholders, for the kind support and patronage they have extended to us over the years.

Taking on the Task of Realizing the Group Vision

Companies today are required to fulfill a broader range of responsibilities than ever before, in line with the steady maturing and globalization of society and changes in social values. In 2002, AGC Group formulated its group vision "Look Beyond." Under this vision, we made a commitment to "look beyond and make the world a brighter place" as Our Mission, and established the four shared values (Our Shared Values) of Innovation & Operational Excellence, Diversity, Environment, and Integrity, as the basic behavioral norm to be shared by all employees of AGC Group.

Concurrently with my inauguration as President and CEO of AGC in April 2004, I initiated a new management policy, namely "JIKKO"—Execution for Excellence, to encourage the permeation of our four shared values throughout the Group. In January 2005, we announced our medium-term management plan, "JIKKO-2007," as a specific action plan for "JIKKO." Since then, we have been steadily implementing our plans, with this fiscal year marking the final year of "JIKKO-2007".

"Look Beyond" as a Right and Respectable Vision for All Times

As mentioned in our previous CSR reports, our four shared values merely represent the competency an enterprise needs in order to fulfill its basic responsibilities, and to meet the diverse demands and expectations of modern society. I am proud to note that our "Look Beyond" vision represented a relatively advanced corporate vision at the time of its conception, and this vision has driven us forward to realize great achievements under "JIKKO-2007."

AGC Group is a global enterprise operating in 23 countries,

with over 54,000 employees. In order for us to sustain our business operations in these varied countries with their diverse cultures and customs, we must maintain the balance between economical, social, and environmental aspects of our management, while providing desired and valued products.

All employees of AGC Group have been sharing and fostering our four shared values in their daily operations, with a view to meet the expectations of all stakeholders. In so doing, we have been collectively striving to fulfill our group's mission of "making the world a brighter place." For details of the progress and results of these efforts, please refer to the featured articles contained in this report. It is noteworthy that our many achievements include the development of glass substrates for Flat Panel Displays (FPD) produced without the use of arsenic or antimony, which I believe represents a world-class advance and contribution in terms of environmental protection.

Towards the Next 100 Years

Companies today are required to contribute to the creation of a fair and sustainable society as part of their corporate social responsibility (CSR). Specifically, they are expected to actively protect the environment on a global scale (including working towards the targets specified in the Kyoto Protocol aimed at preventing global warming), and to protect human rights. For instance, the United Nations Global Compact, which was launched in 2000 and was revised in 2004, represents an initiative aimed at encouraging companies to fulfill their responsibilities.

As my mission, I am determined to build a firm foundation to enable our group to achieve sustainable growth and development over the next 100 years following this centenary year. The four values that all our employees strive to share have been confirmed to incorporate almost all the elements of what society demands in terms of CSR, and I believe these shared values to be appropriate and highly regarded. With the progress of globalization, we have recognized the extreme importance of organically combining these values in order to meet the demands and expectations of society.

For the AGC Group to remain a corporate group that is trusted by society and is welcomed to continue to grow and develop over the next 100 years, I must ensure, in my capacity as President and CEO, that the company contributes to a better global environment and society, while generating profit and continuing to grow as an enterprise. We will focus our efforts to achieve both of these objectives, which, I believe, will enable us to fulfill Our Mission, to "look beyond and make the world a brighter place."



Declaring Management Responsibility towards a Sustainable Society Establishment of the AGC Group Charter of Corporate Behavior

Based on the aforementioned recognition, I have come to the conclusion that the management of AGC should declare its responsibilities and policies regarding a sustainable society. Accordingly, we have formulated the AGC Group Charter of Corporate Behavior, as shown on the next page. The Charter will serve as a set of guidelines for all employees to follow, to correctly pursue "Look Beyond."

This year, the AGC Group will formulate a new medium-term management plan to be launched in 2008 as the first step in our plans for the next 100 years. Furthermore, we shall carefully consider what we need to achieve vis-à-vis society, and incorporate the necessary activities into our new management plan.

I believe that the Charter will clarify how we can contribute to the fulfillment of CSR by pursuing our vision of "Look Beyond," within which management and employees will build on our shared values and principles. This in turn will increase employees' commitment to "Look Beyond." If all employees of AGC Group pursue "Look Beyond," as a kind of "common DNA" of the Group, it will provide a foundation for achieving

the socially responsible management described in the AGC Group Charter of Corporate Behavior.

In addition, I regard social responsibility, as described in the AGC Group Charter of Corporate Behavior, not as a passive responsibility, but as an exceptional opportunity for an enterprise to progress along with society and to continue to transform itself into a worthier entity. In my view, CSR does not merely stand for corporate social responsibility; it should be evolved into "corporate social reliability." I endeavor to build a foundation for AGC to maintain its status as a company that has the trust of society, and one that is welcomed to further grow and develop in the future.

For example, with regard to our environmental measures, we will add a new "R" to our existing 3Rs of Reduce, Reuse, and Recycle: namely Replace (to replace hazardous substances by developing alternatives), thus creating the "4Rs" of environmental activity. We will also endeavor to develop new businesses and create new products that can substantially contribute to society.

Further Uniting the Group through Brand and Logo Unification

As a means of ensuring that all employees of AGC Group share and implement the "Look Beyond" vision and the AGC Group Charter of Corporate Behavior uniformly and globally, we have decided to renew and unify all the Group companies' brands and logos worldwide. With the new unified AGC Group brand and logo, I will continue to encourage all employees to reinforce the four shared values, and to conduct the Plan-Do-Check-Act (PDCA) cycle in a practical and proactive manner.

I promise all our stakeholders that I shall manage our business in such a way as to ensure that the Group continues to be a highly profitable, fast-growing, and outstanding global enterprise that is trusted by society, and contributes to make the world a brighter place through the fulfillment of its social responsibility.

To Readers of this Report

AGC Group has been publishing its CSR report since 2005, introducing its activities conducted based on the concepts shown above. While the content may not be sufficient to meet the ever changing and expanding expectations of society, we believe that the CSR report will improve our socially responsible management through dialogue with stakeholders.

With this report, we are pleased to provide a reference material for you to evaluate AGC Group's activities. We are aiming to further expand and develop our enterprise, while continuing to win societal trust. We look forward to receiving your honest opinions regarding this report.

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.

The AGC Group's CSR

For AGC Group, the pursuit of its group vision, “Look Beyond,” represents the fulfillment of its CSR. In celebrating our 100th anniversary this year, we have established the AGC Group Charter of Corporate Behavior. This Charter serves as a set of guidelines for all employees to follow, to correctly pursue “Look Beyond” toward creating a sustainable society and achieving our success in the next 100 years.

We will fulfill our social responsibility based on the AGC Group Charter of Corporate Behavior, while at the same time aiming to achieve our business targets. We will increase our corporate value and fulfill Our Mission: “to make the world a brighter place,” in order to develop our Group into a highly profitable, fast-growing, and outstanding global enterprise.

AGC Group Vision “Look Beyond”




Our Mission
We, the AGC Group, “Look Beyond” to make the world a brighter place.



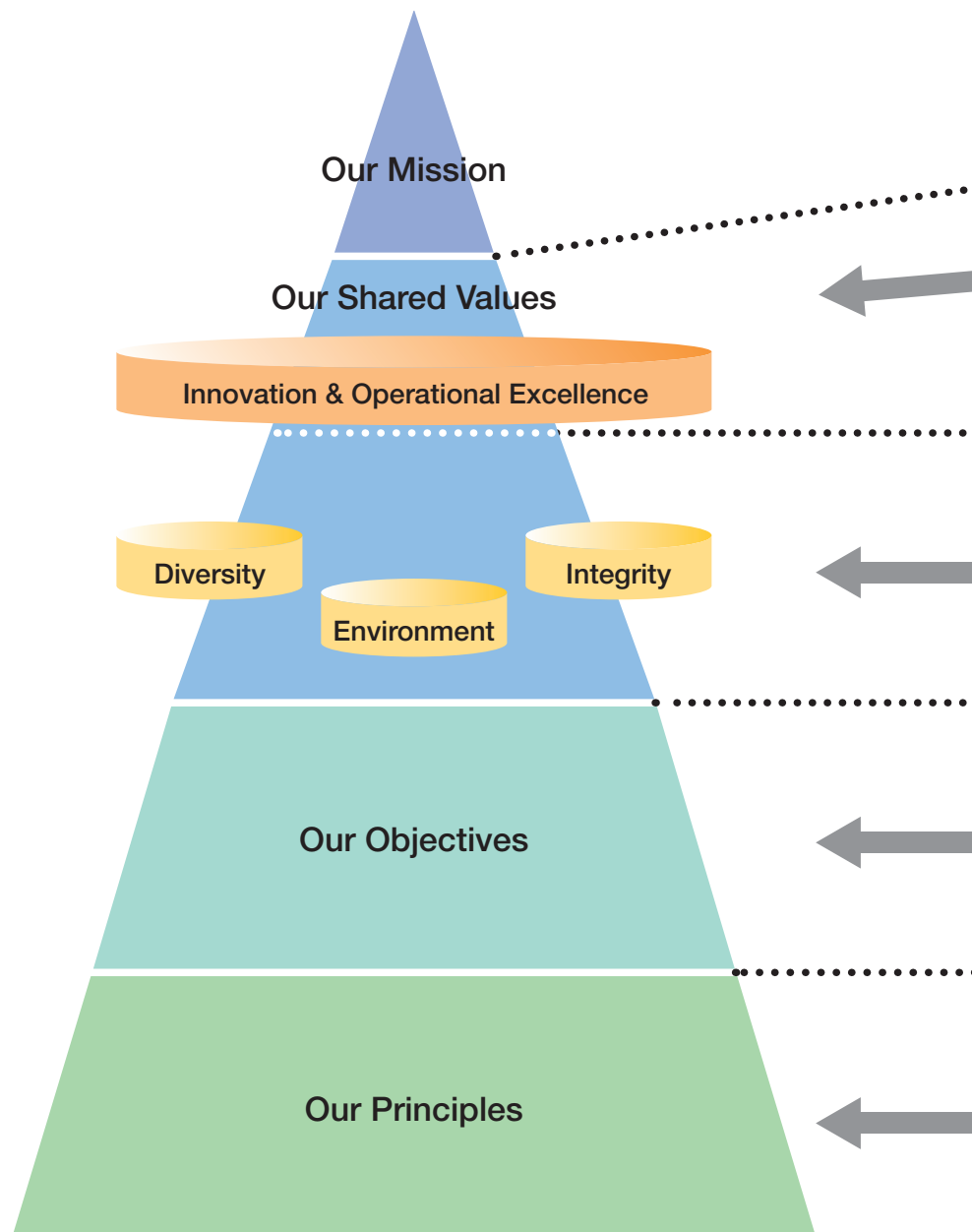
Our Shared Values
Our four Shared Values are to be adopted and followed by all members of the Group and are of the foremost importance in accomplishing Our Mission. These Shared Values, described below, will serve as the basis for every judgment we make and action we take collectively and individually.



Our Objectives
The Group strives to excel as a highly profitable and fast-growing global enterprise that is a global materials and components supplier based on its core technologies in glass, fluorine chemistry, and their related fields. The Group endeavors to be the leader in every market in which it competes.



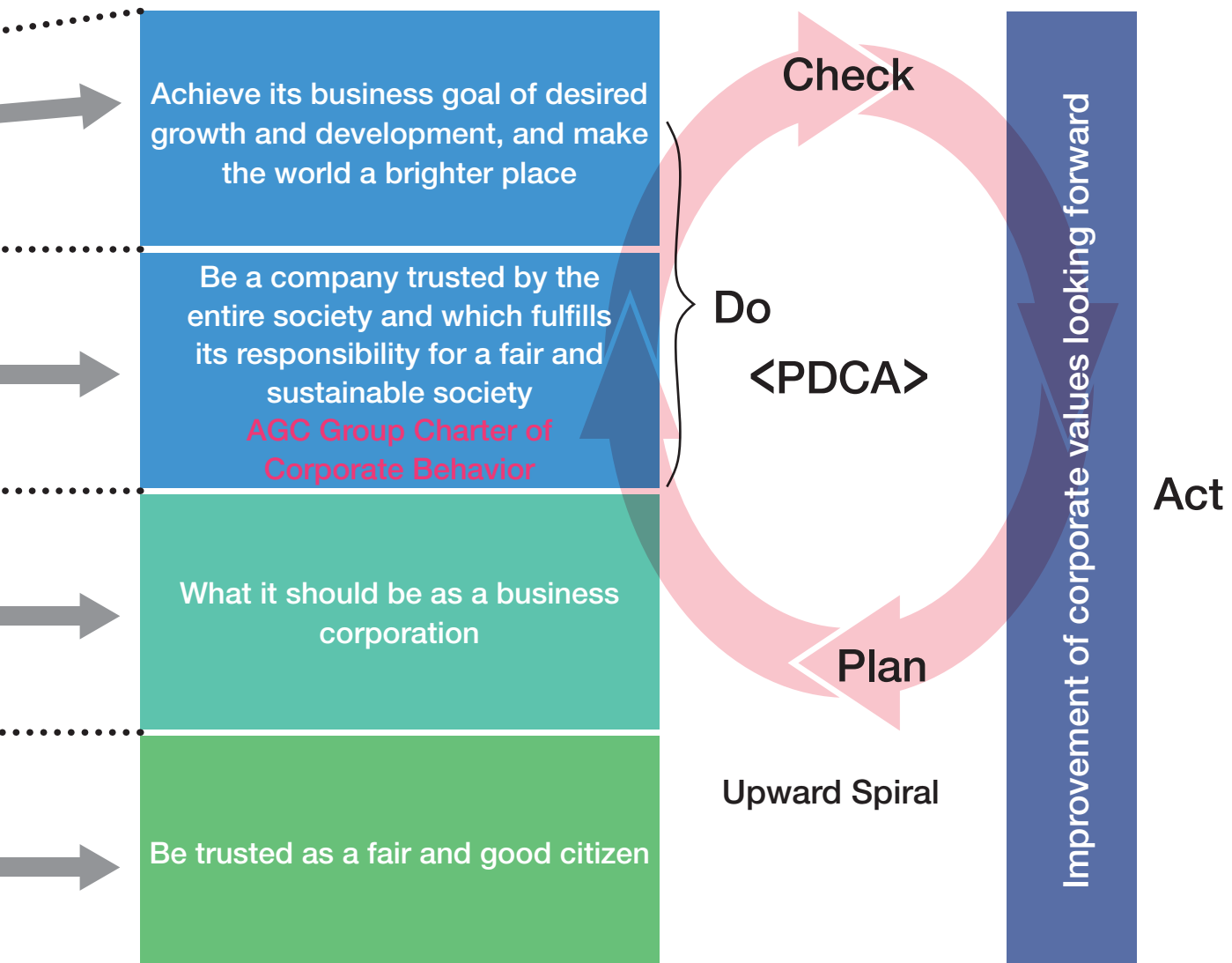
Our Principles
In order to accomplish Our Mission, we have developed Our Principles as a set of guidelines and an extension of Our Shared Values. We, as AGC Group employees, at all times and on all occasions, will act according to Our Principles and embrace Our Shared Values in all of our relations with our stakeholders, i.e., customers, shareholders, society, and fellow employees.



The pursuit of **“Look Beyond”** leads not only to corporate social “responsibility” but also to corporate social “reliability.”

<Management with Commitment for CSR>

AGC Group which contributes to the development of a sustainable society and is respected for its growth.



Progress on the Medium-Term Management Plan “JIKKO-2007”

In January 2005, the AGC Group formulated its three-year medium-term management plan “JIKKO-2007,” which relates to the period from fiscal 2005 through fiscal 2007. With this plan, we are implementing our growth strategy to strive for the realization of the Group’s vision “Look Beyond.” We have summarized, as follows, our Major Initiatives implemented in the past two years, their results, and the CSR/business strategies to be developed in this fiscal year, which is the final year of the “JIKKO-2007” plan.

| | | 2005 | |
|--|--|---|--------------------|
| Corporate governance (p. 13) | Further progress in global management | Increase in the number of outside directors (from two to three) | |
| | | | |
| Compliance (p. 50) | The compliance system | Establishment of the global compliance system Antitrust E-learning (Japan and North America) | |
| | Code of Conduct | Revision of the Code of Conduct, and its distribution to all employees of Asahi Glass Number of employees who have submitted the Compliance Certificate: Approx. 15,000 Code of Conduct in European and American versions | |
| Environment/Safety (p. 27) | Integrated Environmental Management System (Integrated EMS) Completion of the integration by Asahi Glass (unconsolidated) in 2004 | Participation in the Integrated EMS by domestic affiliates Number of Integrated EMS-certified sites (as of December 2005) Japan: 19, Asia: 5, Europe: 0, North America: 0 | |
| | Occupational Health and Safety Management System (OHSMS) Establishment of an OHSMS at all Asahi Glass plants (unconsolidated) in 2004 | Introduction of the OHSMS to domestic affiliates | |
| CS and quality management (p. 23) | Promotion of the principle of “incorporating the concept of CS into each employee’s daily work processes” | Foundation of the Quality Improvement Division Establishment of the AGC Group Quality Management Principles Launch of activities to incorporate the concept of CS into each employee’s daily work processes | |
| Management of human resources (p. 41) | ES improvement and enhancement of human resources development | Foundation of Group Human Resource Planning Division First ES survey (targeting 15,589 employees) | |
| | Global human resources development program (2003 onwards) | Number of participants: 59 (Japan/Asia : 40, Europe: 10, North America: 9) | |
| | Pursue quality manufacturing, and reinforce production site expertise and enhancement and transfer of technologies and skills (p. 21) | Foundation of the Monozukuri (Quality Manufacturing) Enhancement Division Start of the Meister/Professional System | |
| Social contribution (p. 55) | The Asahi Glass Foundation (established in 1933) Blue Planet Prize | Prize winners: Professor Sir Nicholas Shackleton/Dr. Gordon Hisashi Sato | |
| | The Asahi Glass Scholarship Foundation (established in 1957) | University students: 33; Foreign exchange students: 14 | |
| | The AGC Research Collaboration Program (launched in 2004) | Launch of the two joint research projects selected under the program (2004) | |
| Communication (p. 53) | CSR Report | Foundation of Environmental & Social Responsibility Division Publication of the CSR Report 2005/CSR Book Foundation of the CSR Committee (chaired by the CEO) | |
| | In-house magazine | Asahi Glass’s in-house magazine <i>Asahi</i> | |
| Glass operations | Flat glass business Selection and concentration in the emerging market | Cost-reduction measures through global benchmarking Launch of the Glass Power Campaign (p.19) Support for the Bellmark Program | |
| | Automotive glass business “Asahi Way,” to ensure high quality on a global scale Activities Reduction of the emission of substances of concern | | |
| Electronics and display operations | Display business Shift to a business structure based on product life cycles CRT: Downsizing of business | Japan: Withdrawal from the business and shift to FPD | |
| | FPD: Active development of arsenic-free TFT/PDP glass substrates (p.15) | Production capacity of TTF glass substrates: 14 million m ² /year (as of the end of 2004) Expansion of facilities in Taiwan Launch of operations at Takasago Plant | |
| | Electronics & energy business Targeted sales 200 billion yen | Establishment of the Electronics & Energy General Division Asahi Techno Glass Corp. becoming a 100% subsidiary of Asahi Glass Entry into the glass substrate business for hard disks | |
| Chemicals operations | Fluorinated resins: Market expansion by manufacturing non-hazardous products with less environmental impact Fluororesin films: Demand creation by unique products | Expansion of facilities at the Kashima Plant | |
| | Others | Reception of the Grand Prize for Stratospheric Ozone Layer Protection and Global Warming Prevention—Economy, Trade and Industry Minister Award (p. 28) | |
| New business | Micro Glass Business ASPEX (production of genetically modified protein) Fuel cells | | |
| Financial performance | Net sales (2004) | 1475.7billion yen | 1526.7 billion yen |
| | Operating profit | 139.4billion yen | 118.2 billion yen |
| | Operating margin | 9.4 % | 7.7 % |
| | D/E ratio | 0.64 | 0.66 |
| | Annual dividend paid per share | 12 yen (c.f. 9 yen in 2003) | 15 yen |

Medium-term management plan
“JIKKO-2007”

Major Initiatives

- Global permeation and sharing of the Group vision **“Look Beyond”**
- Further growth and higher profitability of the existing business operations
- Establishment of next-generation growth businesses

| 2006 | 2007 |
|--|--|
| Formulation of the corporate policy over internal control | Establishment of the AGC Group Charter of Corporate Behavior (p. 6) Unification of the group brand as “AGC” (p. 53) |
| Establishment of the Global Legal Management System Compliance/antitrust E-learning (Japan, Europe and North America) | Revision of the antitrust law compliance manual, and its distribution to all employees |
| Global promotion of the Compliance Certificate and the Compliance Help Line Number of employees who have submitted the certificate: Approx. 23,000 | Establishment and use of a global code of conduct to be followed across the Group |
| Participation in the Integrated EMS by overseas affiliates Completion of the shift to the ion-exchange membrane process in the manufacturing of caustic soda across the Group Reception of an award from the Minister of the Environment at the 33 rd Environment Prize awards (p. 32) Start of remedial work for soil decontamination at the former Funabashi Plant site (to be completed in September 2007) (p. 31) Voluntary announcement of soil contamination at the Kashima Plant and start of decontamination (p. 31) Chiba Plant’s reception of the Gold Prize from the Japan Industrial Safety & Health Association (p. 38) | Number of the Integrated EMS-certified sites (as of March 2007) Japan: 58, Asia: 20, Europe: 22, North America: 7 |
| Start of CS communication with In-House Company Presidents | Establishment of a risk management system for noncompliance regarding products and services |
| Implementation of ES improvement measures AGC Group CEO Awards (Drastic reform of the employee commendation system) | Second ES survey First commendations: Approx. 130 |
| Number of participants: 42 (Japan/Asia : 38, Europe: 2, North America: 2) | |
| Foundation of the AGC Monozukuri Training Center Number of users: Approx. 2,000 per month 4 employees certified as “Meister” and 20 as “Professional” Start of common training on technologies and skills for the entire Group | Expansion of measures to pass down technologies and skills to both domestic and overseas affiliates |
| Prize winners: Dr. Akira Miyawaki/Dr. Emil Salim | |
| University students: 26; Foreign exchange students: 17 | |
| Two projects selected and a total of four underway under the program | One project selected and a total of five underway under the program |
| Publication of <i>Asahi Glass CSR Report 2006</i> Holding of the Stakeholder Dialogue (p. 47) | Publication of <i>AGC CSR Report 2007</i> |
| Reform of the AGC Group’s in-house magazine <i>AGC Today</i> (written in both Japanese and English; distributed globally to the entire Group) | |
| Opening of a new affiliate in Suzhou, China First donation to Yamagata City | Decision on the additional construction of the world’s largest level float glass furnace in Russia Ninth donation decided (as of March 2007) Construction of the second plant in Guangzhou, China started. |
| Global integration of the Environmental Management System (EMS) (p. 27) | |
| Reduction of production capacity in Asia by half | 42 million m ² /year (as of the end of 2007) |
| Expansion of facilities in Taiwan Expansion of facilities to produce synthetic quartz used for semiconductor manufacturing equipment (lens materials with high purity, permeability and durability) Substantial expansion of the production capacity for backlight tubes for LCDs (p. 16) | Addition of furnaces in Taiwan and South Korea |
| Adoption of Fluon® ETFE FILM for the Beijing National Stadium and the Beijing Aquatics Center decided (p. 17) Release of new, environmentally friendly water and oil repellents (p. 18) | Expansion of facilities at the United Kingdom site Expansion of facilities at the Kashima Plant (in the first quarter of fiscal 2008) New construction of an iodine manufacturing plant (in January 2008) |
| Acquisition of Matsushima Optical Component Co., Ltd. Launch of full-scale production (for use as pharmaceutical intermediates and bulks) Development of a membrane-electrode assembly (MEA) usable at a high temperature (p. 30) | Construction of a new plant within the Chiba Plant |
| 1620.5 billion yen | Targeted sales 1750.0 billion yen Estimated sales 1,670.0 billion yen |
| 136.6 billion yen | At the time of announcement in 2005 180.0 billion yen 180.0 billion yen |
| 8.4 % | 10 % or higher 10.8 % |
| 0.58 | 0.4-0.5 0.50 |
| 16 yen | |

Variety of the AGC Group's Products

The AGC Group's products, which include kitchen detergents, digital products, and glass used for vehicles and buildings, are enhancing people's daily lives. By providing leading-edge technologies and excellent products centered around glass and chemical products, we will continue to make the world a brighter place.

● Various glass products

- ① Heat absorbing glass
- ② Energy-saving double-glazing
- ③ Laminated glass (for security)
- ④ Designed glass
- ⑤ Mirrors
- ⑥ Glass for refrigeration showcases
- ⑦ Coating glass for solar cells/Solar cell substrates
- ⑧ Polycarbonate resin sheets (e.g. for coating rail tracks and automatic vending machines)
- ⑨ Sputtering mirror for rear-projection TVs
- ⑩ Laminated glass for automobiles
- ⑪ Tempered glass for automobiles
- ⑫ Other glass for vehicles (e.g. trains)
- ⑬ Glass for lightening automobile
- ⑭ Insulators for automobiles
- ⑮ Insulators for household use
- ⑯ Glass tubes for fluorescent lamps
- ⑰ Heat resistant glassware
- ⑱ Glass for physical, chemical, and medical usage (e.g. beakers, test tubes, and slide glass)
- ⑲ Plastic products used for tissue culturing
- ⑳ Bio-related reagents
- ㉑ Fluoroglass dosimeter for measuring exposure to radiation rays

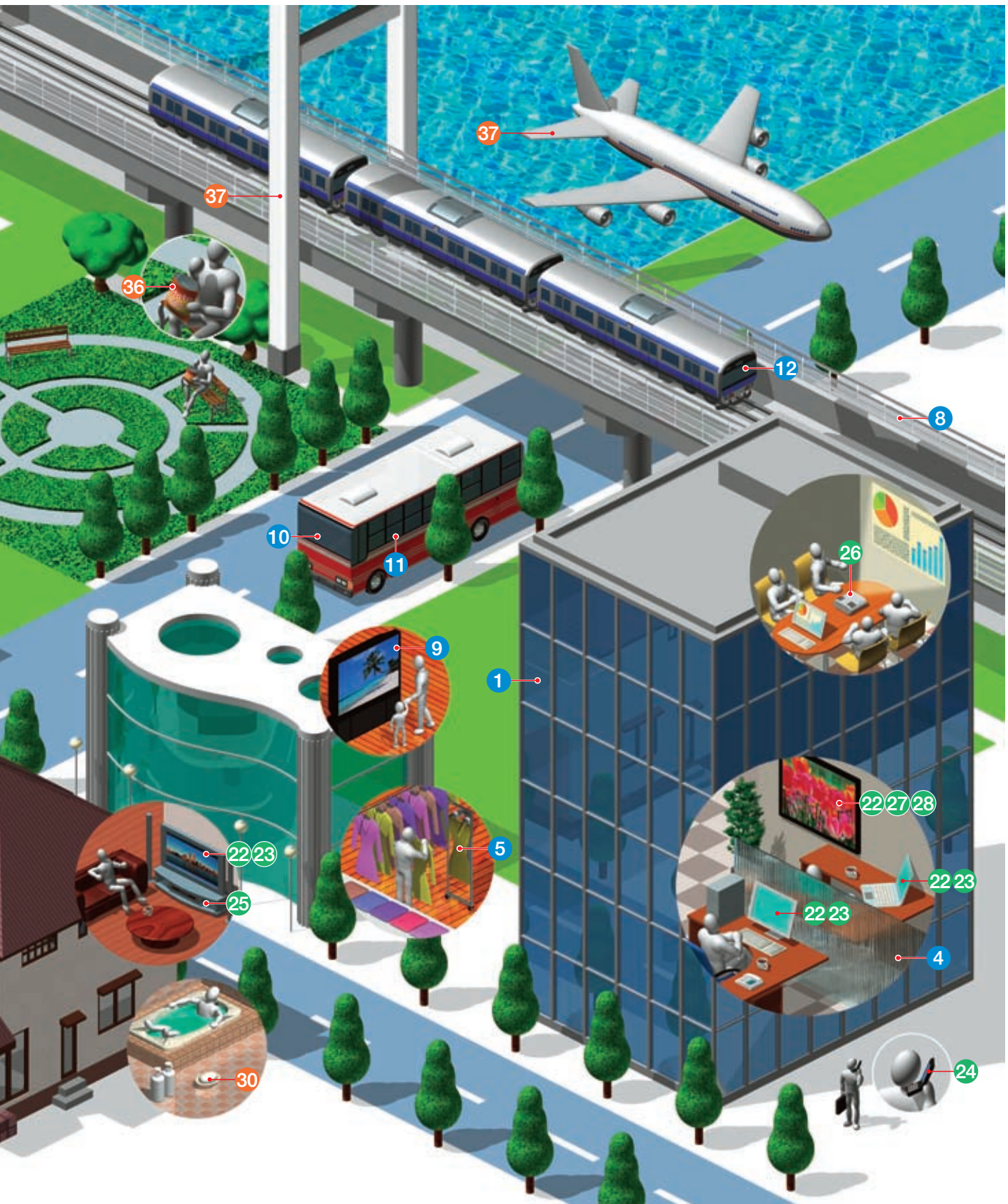
● Various electronics- and display-related products

- ㉒ Flat panel display (FPD) glass (p. 15) (e.g. LCD TVs, plasma TVs, and computer monitors)
- ㉓ Backlight tubes (e.g. LCD TVs) (p. 16)
- ㉔ LCDs (e.g. portable audio players, cell phones, automotive navigation systems, and video entryphones)
- ㉕ Optical planar devices (e.g. CD/DVD optical pickups)
- ㉖ Filters for LCD projectors
- ㉗ Optical filters for plasma display panels (PDP)
- ㉘ Glass frit paste
- ㉙ Glass substrates for hard disks (e.g. portable audio players)

● Various chemical products

- ㉚ Caustic soda (e.g. soaps)
- ㉛ Sodium bicarbonate (e.g. household detergents)
- ㉜ Sodium hypochlorite (e.g. fungicides, disinfectants, and bleaches for household use)
- ㉝ Urethane (e.g. seats for automobiles)
- ㉞ Fluorinated resin (p. 17) (e.g. frying pan coating)
- ㉟ Fluorinated resin films (p. 17) (e.g. greenhouses and solar cell coating)
- ㊱ Fluorinated water/oil repellents (p. 18) (e.g. shoes, packages for fast-food)
- ㊲ Fluorinated resin for highly weather-resistant coating (e.g. bridges and airplanes)
- ㊳ Fluorinated solvents (e.g. dry cleaning solvents)





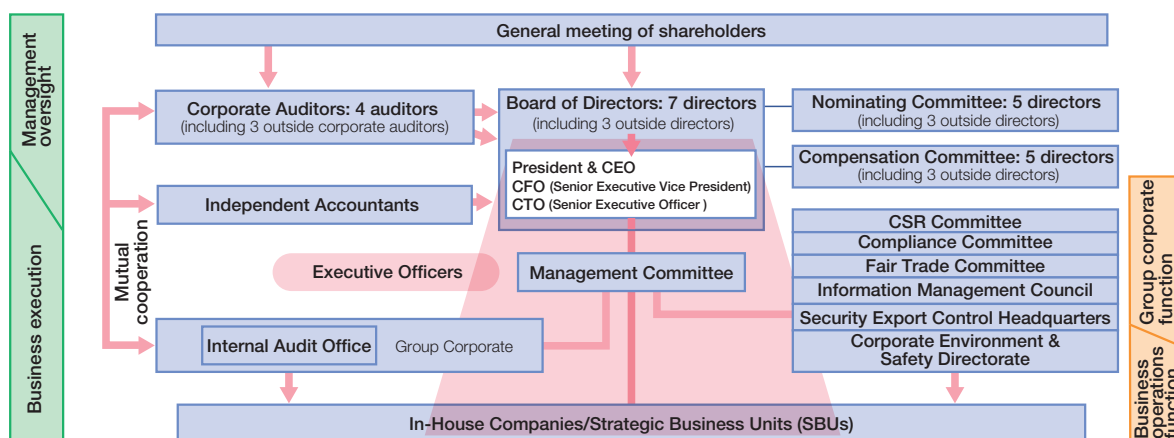
Corporate Governance/Internal Control

■ Corporate Governance

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

As part of our effort on corporate governance, we have decided to revise the directors’ compensation system by taking into consideration the discussion at the Compensation Committee and the Board of Directors. Specifically, we will abolish the retirement benefit program for directors and introduce stock compensation-type stock options, to share with shareholders the benefits and risks related to stock price fluctuations. By implementing these measures, we will continue to enhance our corporate governance.

The AGC Group’s Corporate Governance Structure (Outline)



■ Internal Control

Asahi Glass decided on its corporate policy over internal control at the Board of Directors meeting held in May 2006.

Basic items for internal control

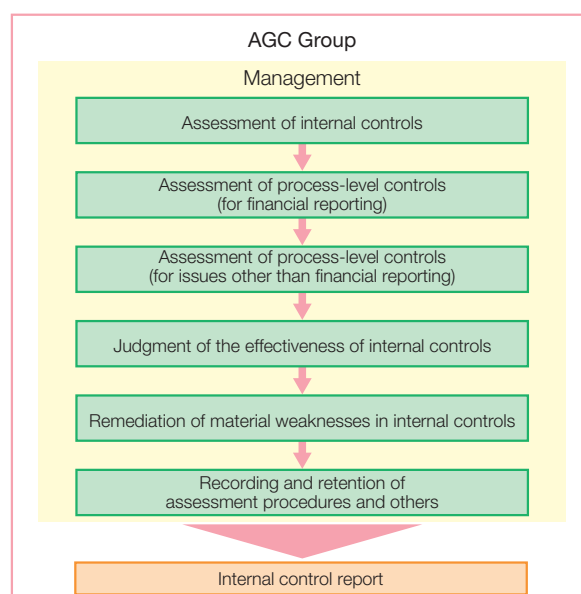
1. Compliance program
2. Information retention and management system
3. Risk management system
4. System to ensure efficient and effective business execution
5. System for management of group companies
6. Matters regarding auditors

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

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

■ Internal Control Measures for Financial Reporting

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



Special Feature

“Never Take the Easy Way Out—Address the Difficulties” AGC Group’s Innovation & Operational Excellence (In Consideration of the Environment and Safety)

“Never take the easy way out—address the difficulties” is a maxim of Asahi Glass’s founder Toshiya Iwasaki. Since the foundation of the company, the bold spirit reflected in this maxim has been communicated from generation to generation as the foundation for all its business. Driven by our ever-challenging, unyielding spirit, we aim to provide society at large with innovative technologies that contribute to the environment and safety, as well as excellent products and services.

Feature Article 1

Breakthrough in Glass Manufacturing—A Revolutionary New Method for Producing Display Glass Containing No Hazardous Substances



Leading Innovation for Display Glass

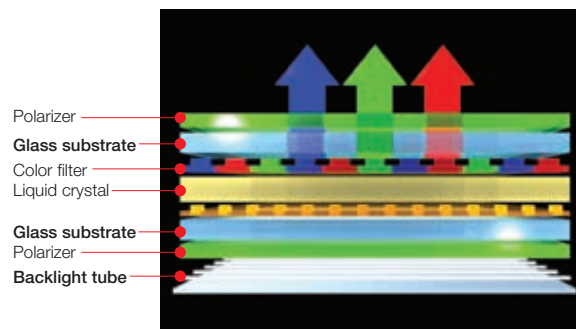
In the TV market, thinner and larger models are becoming increasingly popular. Driven by progress in broadcast communication technology and image display technology, the popularity of large flat panel display (FPD) TVs, equipped with high-quality plasma display panels (PDP) or liquid crystal display (LCD) panels, is growing in particular. In the past, generally speaking, smaller TVs had LCDs while larger ones had PDPs, but recently, the mainstream of LCD TVs has shifted to 40-inch or larger products.

In line with the upsizing of TV displays, larger glass substrates are required in the manufacture of these displays. The production of larger and higher-quality FPDs has been enabled by innovation in glass substrates. The AGC Group started the production of FPD glass substrates in the 1990s. We have been maintaining the largest share in the market of PDP glass since the launch of the business, and also hold a leading position in the glass market for thin film transistor-liquid crystal displays (TFT-LCD glass).

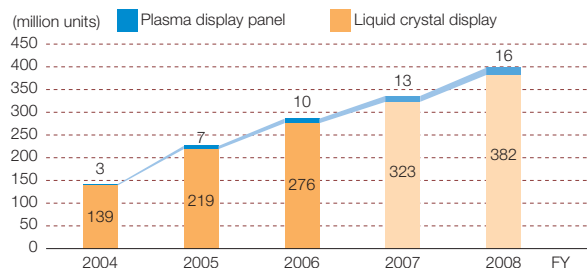
Glass can be manufactured by several methods, and the AGC Group has adopted the float process (generally used for the manufacture of flat glass for construction) to manufacture large, high-quality glass substrates for FPDs. We have established the technology to manufacture FPD glass substrates by this float process, which is a manufacturing method suited to meeting the increasing needs of customers for larger glass substrates.

In the area of displays where technological progress continues apace, the AGC Group spearheads innovative development as a leading company in the display glass field.

Structure of LCD



Demand for flat displays



*Quantities for fiscal 2007 and 2008 are estimated by Asahi Glass based on the past results. Please note that small- and medium-sized displays for cell phones and others are not included in the figures shown.

Pioneer for Environmentally Friendly Glass Substrates

Most glass products, including glass used for construction, contain alkali components. In the case of TFT-LCD glass, however, since semiconductor circuits are formed on the glass, as the name (thin film transistor: TFT) implies, alkali components, which affect the properties of semiconductors, should not be contained in the glass. The AGC Group manufactures alkali-free TFT-LCD glass without using hazardous substances such as arsenic or antimony.

Arsenic and antimony are used as additives to remove bubbles formed in glass in the manufacturing process. They are hazardous and should be registered under the Law Concerning Reporting, etc. of Release to the Environment of Specific Chemical Substances and Promoting Improvements in their Management (PRTR Law). Glass manufacturers, nevertheless commonly use these substances as additives. The AGC Group, however, implemented measures to manufacture alkali-free glass without the use of arsenic and antimony as additives: we totally reviewed the manufacturing process and developed a range of technologies including those relating to glass composition, the furnace burning method, and the method for pouring melt glass. As a result, we became the first manufacturer to succeed in the mass production of alkali-free glass, without the use of arsenic and antimony.

Consumers are now increasingly aware of environmental issues, and TV manufacturers are more committed to environmental measures, being regulated by the government. Under these circumstances, we expect that demand for our Group's arsenic-free TFT-LCD glass substrates will further increase in the future.

Arsenic- and Antimony-Free Backlight Tubes

Unlike PDPs, which emit light themselves, LCDs need to be equipped with backlights. We have already achieved arsenic- and antimony-free manufacturing of backlight tubes, on which the image quality of LCDs largely depend.

Backlight tubes are used in cold cathode fluorescent lamps. These lamps emit light just like ordinary fluorescent lamps, but they need tubes that are two to three millimeters in diameter, or as narrow as the cartridge of a ballpoint pen. Furthermore, these very thin and slender tubes should be made of glass, for which manufacturing orders are placed to a precision of 0.01 millimeters. The AGC Group has developed a technology to remove small bubbles from glass without the use of arsenic or antimony, while meeting these severe manufacturing specifications. The arsenic- and antimony-free backlight tubes thus manufactured are installed behind the displays. For a 32-inch LCD TV, 16 backlight tubes are installed.

As the size and quality of LCDs increase, the length and number of backlight tubes installed behind the display tend to increase as well. The AGC Group is continuing its research toward revolutionary new technological innovations and breakthroughs in the glass industry.

Interview

Leading the World with Glass Substrates Containing No Hazardous Substances

In the market for liquid crystal panels, users are increasingly demanding glass substrates containing no hazardous substances. Asahi Glass, as many as 15 years ago, released an alkali-free glass substrate named "AN635" to the market, and has since been providing customers with glass manufactured without the use of arsenic or antimony. We took on the challenge of this difficult technological innovation as our corporate principle. The technology used in AN635 has been inherited to AN100, which is now available in the market. LCD TVs are rapidly becoming popular among consumers, but these products will be wasted in bulk several years from now. Glass substrates are used in these TVs, so we can make



Hiroyuki Ishikawa

General Manager,
Production Technology General Division,
Display Company

great contributions to environmental protection by providing environmentally friendly glass substrates. Meanwhile, to meet the market demand for larger LCD TVs, the size of an LCD glass substrate might exceed three meters in length in the future. We will continue to meet these market needs, while pioneering a way to manufacture still further environmentally friendly glass products.

Interview

Compatibility between Environmental Protection and Technological Innovation

We started our efforts to develop backlight tubes in 1999, and it took us approximately five years of painful work to finally ship arsenic- and antimony-free backlight tubes on a full scale. Initially, we started developing these tubes with the expectation that they would be used in notebook PCs, but during the development period, the demand for, and the production of, LCD TVs unexpectedly increased. As a result, we were able to gain a 20% share of the market for backlight tubes, although we were not the first to develop these tubes.

Recently, in accordance with the upscaling of LCD TVs, demand for longer backlight tubes, from 600- to 700-millimeter tubes to 1,200- to 1,300-millimeter tubes, has been increasing, and manufacturers need to have high technological capabilities to keep up with this growing demand. The AGC Group will strive to meet these market needs, while making concerted efforts to reduce the environmental impact of its activities, by implementing anti-air pollution measures and CO₂ reduction measures in its manufacturing process.



Isamu Kamidouchi

General Manager,
LCD Materials Division,
Electronics & Energy General Division

Feature Article 2

Realizing the Potential of Fluorine in a Safer and More Environmentally Friendly Manner



Fluorine — A Versatile Chemical Used in Every Field

Fluorochemicals have a range of excellent features: they can be easily processed and are highly durable; they permeate light; they repel water and oil; they are resistant to chemical agents; and they do not easily conduct electricity. Because of these features, they are used in products in almost every field, including daily commodities and space rockets.

Fluorine is one of more than a hundred elements existing on Earth. It belongs to the halogen group, alongside chlorine, bromine, and iodine. These elements are all fairly reactive and produce a wide variety of compounds in combination with metals or carbon.

Asahi Glass has a long history in the chemicals business. It began producing soda ash, a crucial raw material for glass, in 1917. By making good use of caustic soda and chlorine generated in the manufacturing process of soda ash, we developed our chemicals business. Fluorochemicals are value-added chlorine derivatives and the fluorochemicals business has eventually become a core business of our Chemicals Company.

Realizing the Potential of Fluorochemicals through the AGC Group's Technology Attracting Worldwide Interest

Fuon® ETFE FILM is one of Asahi Glass's special fluorochemical products. The films are highly durable and permeate light well, and so are often used for greenhouses, solar cell coating, outer walls of buildings, and sports facilities.

The roof of the Allianz Arena in Munich, Germany, where some world-class football matches were played in 2006, is covered with Asahi Glass's ETFE films, which extend over 200,000 square meters. Furthermore, our ETFE films will be adopted for the facilities of the world sports event to be held in Beijing in 2008. Specifically, the films will be used for the Beijing National Stadium (main stadium) and for the Beijing National Aquatics Center, covering areas of approximately 50,000 and 300,000 square meters, respectively. The excellent bending properties of the films, in addition to its light permeability and durability, have won these large-scale orders.

The Chemicals Company manufactures a range of products, from basic chemicals to high-performance specialty products, all within its plants. In so doing, the Company ensures safety, quality and environmental friendliness throughout all its processes, from the procurement of materials to the provision of end products.

New Generation of Fluorinated Water/Oil Repellents that Meet Environmental Goals

Perfluorooctanoic Acid (PFOA) is used as a polymerization aid to make fluorinated resins and is contained in fluorinated water/oil repellent agents in trace amounts. PFOA has been detected at very low levels in wildlife, human blood and the environment. PFOA is one of a class of chemicals called perfluorinated carboxylic acids (PFCAs). In January 2006, the U.S. Environmental Protection Agency (EPA) approached the world's eight leading manufacturers of fluorinated resins and fluorinated water/oil repellent agents to participate in a program for further reducing emissions and product content of PFOA, longer chain length PFCAs and their precursors. AGC accepted this challenge to eliminate these chemicals in its water/oil repellent agents. Specifically, we embarked on the development of a new product line that would meet EPA's environmental goal, but would be as good as, or better than, the existing products. Having conducted various performance tests for four years, we finally completed the development of and in 2006 released to the market a new generation of fluorinated water/oil repellents — the AsahiGuard E-SERIES

— which does not contain PFOA, longer chain length PFCAs or their precursors. These products comply with Japan's Law Concerning the Evaluation of Chemical Substances and Regulation of Their Manufacture etc. and also with similar laws enforced in North America and in Europe. The products have already been made available in some overseas markets.

In particular, AsahiGuard E-SERIES AG-E060 is a greaseproof agent used for processing paper and paperboard into oil repellent products, and this agent can be applied to packaging materials used for food. For example, paper finished with AG-E060 retains its characteristics even when used to wrap hot food such as fried potatoes and chicken or microwavable food heated in microwave ovens. AG-E060 complies with the Food Sanitation Law in Japan, and its use in food is also authorized under the Food Contact Substance Notification Program implemented by the U.S. Food and Drug Administration (FDA).

AsahiGuard E-SERIES AG-E061 is a water and oil repellent usable for a range of fabrics, including natural, synthetic and blended fabrics. It does not contain Alkylphenolethoxylate (APEO) or PFOA. It is non-flammable and easy to handle. The repellent has begun to be used for outdoor sports and apparel items, and we expect that the use of this product will expand to include general clothing items in the future.



Oil does not permeate into paper processed with AsahiGuard E-Series AG-E060



Cloth processed with AsahiGuard E-Series AG-E061

Interview

Using the Power of Chemistry to Create Effective Products that Meet Environmental Goals



The Chemicals Company, as its long-term management policy, is committed to contributing to the creation of effective products that meet environmental goals. For example, clothing items to which water and oil repellents are applied are more stain-resistant and do not need to be washed as often. Moreover, these repellents prolong the lives of the clothes by increasing the durability of fabrics. This enables us to save resources and energy. We regard it as our mission to help people lead more prosperous lives while reducing the impact products have on the environment.

Teiji Kawada

Performance Chemicals Business Group Leader
Fluoroproducts Division
Chemicals Company

We develop products while always taking environmental goals into consideration. We assess the safety of our products early as in their development stage because we regard this as our responsibility as a manufacturer. In developing the AsahiGuard E-SERIES, we first verified the safety of the monomers that were to be used as raw materials.

The AsahiGuard E-SERIES products are not directly supplied to general consumers but are highly appreciated by industries such as fast food restaurants where they come into direct contact with consumers.

Feature Article 3

Make the Future Happier by GLASS:
Glass Power Campaign



The side mode of Eco Glass is not so hot compared to the other sides.

Providing Safety and Ease of Mind through Glass

Of the various kinds of glass products, windowpanes might be the most familiar in our daily lives. Sunshine comes into the room through windowpanes, and we can look out of the window through the transparent glass. Furthermore, windowpanes protect us from wind and rain and keep out the heat and cold. Windowpanes are thus very useful, but in past disasters such as earthquakes, windowpanes have sometimes caused serious danger: people have been injured by broken glass and evacuation centers have been rendered unusable due to broken windowpanes.

To meet customers' demands for safer products, Asahi Glass has promoted laminated glass for disaster-resistance by applying the technology it had developed for its laminated safety glass for automobiles to large-sized glass used for construction. This laminated glass for disaster resistance contributes to dealing with global environmental problems, including natural disasters, and in order to raise public awareness about this glass, we launched the Glass Power Campaign. As a part of this campaign, we launched the 10×10 Project, under which we have been donating laminated glass for disaster resistance to the evacuation center, which are designated by the municipalities and located throughout Japan.

In addition, we put out information concerning the prevention of global warming and countermeasures against disasters to the public. Also, our employees visit elementary schools to make educational presentations, about glass to the elementary school students.

We believe that it is our mission as a glass manufacturer to provide people with glass products that help increase safety and ease of mind in their daily lives. To this end, we will continue to develop, release, and popularize even higher-quality glass products.

Laminated glass for disaster resistance

This is a form of laminated glass made by bonding two glass sheets with a very rigid, specially-made plastic film. In the event of vibrations and clashes in disasters such as earthquakes and typhoons, the glass may crack but it won't easily break. Even if it breaks, the glass is designed not to shatter into tiny pieces.

10×10 Project to Reduce the Number of People Injured by Broken Glass

The 10×10 Project is a public-participation program conducted with the aim of replacing windowpanes installed at the designated evacuation centers throughout Japan with laminated glass for disaster resistance. If you register with the program on the internet and simply click on the website's donation button, you can donate glass of 10 by 10 centimeters to the prefecture of your choice. Each time when the total number of clicks by registered program participants reaches 20,000, Asahi Glass will replace the ordinary windowpanes of one designated evacuation centers with laminated glass for disaster resistance on behalf of the registered participants. As of April 2007, more than 5,000 people had kindly participated in this program and we replaced the windowpanes of nine designated evacuation centers with laminated glass for disaster resistance.

Asahi Glass will continue the 10×10 Project until the end of October 2007, and will donate laminated glass for disaster resistance every time the total number of clicks reaches 20,000.

Results of the 10×10 Project (as of the end of April 2007)

| | | | |
|---------------|----------------------|---------------|-----------------------------|
| July 2006 | Yamagata Prefecture | 20,000 clicks | First donation determined |
| August 2006 | Kagoshima Prefecture | 20,000 clicks | Second donation determined |
| October 2006 | Yamagata Prefecture | 40,000 clicks | Third donation determined |
| | Kagoshima Prefecture | 40,000 clicks | Fourth donation determined |
| November 2006 | Kanagawa Prefecture | 20,000 clicks | Fifth donation determined |
| | Hokkaido | 20,000 clicks | Sixth donation determined |
| January 2007 | Kumamoto Prefecture | 20,000 clicks | Seventh donation determined |
| | Kagoshima Prefecture | 60,000 clicks | Eighth donation determined |
| | Yamagata Prefecture | 60,000 clicks | Ninth donation determined |

School Presentations on Safety and Disaster Prevention and Global Warming by the Use of Glass

Also as part of the Glass Power Campaign, employees of Asahi Glass visit elementary schools as volunteers to make presentations on glass. The presentations are designed to teach children, in an enjoyable way, about safety and disaster prevention and global warming, through the use of glass. The employees communicate the “power of glass” to children through the presentations, which include some experiments.

At a school presentation made at Fujimi Elementary School in Sakata City, Yamagata Prefecture, an employee playing the role of “Dr.G,” a character of the campaign, first taught children about the types and performance of glass. Then Dr.G led an experiment, in which he let children try to break various types of glass. They all seemed to be surprised at the strength of laminated glass for disaster resistance. The doctor also conducted another experiment: a light bulb was placed in the center of a box, the sides of which were made of different types of glass, and children touched the box to learn how heat was transported from the lit bulb to the sides (as shown in the photo page 19). They recognized that the side made of Eco Glass (Low-E Pairglass: see page 29 for details) was not so hot compared to the other sides, which were made of ordinary glass. Learning that Eco Glass is useful for saving energy consumed by air conditioning equipment and thus contributes to the prevention of global warming, the children eagerly expressed their hopes that Asahi Glass would continue making glass that is friendly to the Earth and the environment.



Breaking test conducted to compare the strength of laminated glass for disaster resistance with ordinary glass

Expanding the Glass Power Campaign to Many Regions, and then to the World

Under the 10×10 Project, we donated laminated glass for disaster resistance also to Tarumizu Elementary School of Tarumizu City, Kagoshima Prefecture. Tarumizu City faces Kagoshima Bay, out of which the volcano Sakurajima rises.

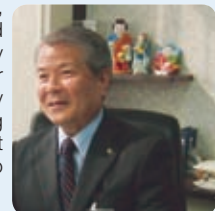
The city has recently been attracting much attention with its foot spa and other sightseeing attractions. The city, however, is attacked by typhoons and heavy rains almost every year, in addition to suffering from volcanic eruptions. Accordingly, the city gives first priority to disaster prevention measures. The city encourages citizens to form voluntary disaster prevention organizations and provides improved disaster-related information services, including the dispatch of relevant information through cell phone messages. The city, inspired by the 10×10 Project, aims to become a disaster-resistant sightseeing city by promoting the adoption of laminated glass for disaster resistance in the construction of tourist facilities.

The Glass Power Campaign has thus achieved tangible results in promoting regional disaster prevention, and in raising public awareness about the importance of disaster prevention. The campaign has been widely supported by the Japanese government, local governments and glass distributors. In addition, media coverage of the campaign has been increasing. In March 2007, at an international conference on disaster prevention held jointly by the World Bank, the United Nations, and the World Economic Forum at the headquarters of the World Bank in the United States, the Glass Power Campaign was introduced as an advanced disaster prevention initiative undertaken by an enterprise. The Campaign is also introduced in the website of the Cabinet Office of Japan. We will further strengthen our network for disaster prevention and environmental protection, and expand it to the entire glass industry as well as to overseas AGC Group companies.

Interview

Aiming to Become a Disaster-Resistant Sightseeing City

Having experienced the breaking test, I realized how strong the laminated glass for disaster resistance actually was. We will adopt this glass in our tourist facilities to ensure their safety for tourists, thereby transforming our city into a disaster-resistant sightseeing city. We look forward to welcoming you to our city.



Mr. Junichi Mizusako, Mayor of Tarumizu City, Kagoshima Prefecture

Interview

Desiring to Increase the Use of Laminated Glass for Disaster Resistance throughout the City



Mr. Juichi Abe, Mayor of Sakata City, Yamagata Prefecture (right) Shinya Ishizu, Chairman of the Board, Asahi Glass Co., Ltd. (left)

I would like to express my gratitude to Asahi Glass for its generous donation of laminated glass for disaster resistance to Fujimi Elementary School of Sakata City, Yamagata Prefecture.

Sakata City has had the experience of a large fire, and so I believe our city is highly aware of the importance of disaster prevention. Due to financial limitations, however, we cannot make improvements to the facilities to be used as relief shelters all at once. Fujimi Elementary School, to which Asahi Glass kindly donated laminated glass for disaster resistance, is designated as a

local evacuation center to be provided for citizens in times of disaster. The donation has thus greatly contributed to the improvement of the local disaster prevention function, in addition to the safety of children. The Glass Power Campaign is indeed a wonderful initiative.

I feel that the existence of this highly laminated glass for disaster resistance is still not very widely known. I will examine the potential for use of this glass in more facilities in our city as required.

(Comment by the Mayor of Sakata City)

Preservation of Craftsmanship for a Brighter Future



Passing down Expertise to the Next Generation: Cultivating Human Resources for Manufacturing

This year, Asahi Glass will celebrate the 100th anniversary of its foundation in 1907. In 2007, the so-called “Year 2007 problem” will affect Japan: the oldest of Japan’s baby boomers, who have been the driving force of the country’s economy and manufacturing, will start retiring en masse. The retirement of the baby boomers poses a common problem to Japanese manufacturers: they have to devise measures to successfully pass down the manufacturing expertise and skills that the baby boomers have accumulated to the next generation.

The founder of Asahi Glass, Toshiya Iwasaki, said, “Never take the easy way out—address the difficulties,” and upholding this precept as a slogan, we have long committed ourselves to developing our manufacturing staff into engineers and other highly skilled workers who are willing to take on difficult challenges. In recent years, however, amid the automation of manufacturing processes, the specialization of production lines, and the general tendency to employ smaller number of high-quality workers, it has become difficult for us to develop human resources who are masters of every aspect of manufacturing. This decline in production workplace capabilities might lead to a decline in our overall competitiveness.

To deal with this problem, we listed “pursuing quality manufacturing, and reinforcing production site expertise,” and “enhancing and transferring technologies and skills,” as the important items in our management policy. As an organization aiming at achieving these objectives, we established the Monozukuri (Quality Manufacturing) Enhancement Division in

2005 and opened the Monozukuri Training Center in 2006. In commencing activities under this system, we first identified what technologies and skills, and what types of human asset*¹ were necessary. Based on the two pillars of “identifying technologies and skills” and “developing human resources,” each In-House Company/SBU has been planning and implementing measures for evaluating technology and skills, training employees, utilizing human resources, and fostering a corporate culture conducive to quality manufacturing. As a result, we have been able to make tangible achievements, as introduced on the next page.

*1. Based on the idea that people make the company, Asahi Glass values human resources as an important asset.

Identifying and Evaluating Skills through CUDBAS

In order to foster skills and pass them down to the next generation, it is essential to identify, prioritize, and evaluate the skills employed in work. The Curriculum Development Method Based on Ability Structure (CUDBAS), which was developed by Mr. Kazuo Mori of the Research Institute for the Education of Technologies and Skills, represents a method for achieving this objective.

CUDBAS serves as a useful tool for easily identifying the skills and technologies required for work, and for prioritizing them based on their importance and necessity. Using CUDBAS, you can implement the following cycle: assess and analyze each skill, formulate an appropriate plan to improve the capabilities of workers at the production workplace, and effectively educate them.

The AGC Group is utilizing CUDBAS across the Group to formulate plans to foster manufacturing skills and technology and ensure their transfer from generation to generation.

Meeting Customers' Needs by Ensuring "Consistent Quality Everywhere in the World"

The Automotive Glass Company formulated the Asahi Way*2, with the aim of providing its customers, who are automakers in the process of expanding their business overseas, with "consistent quality everywhere in the world." As a part of measures to ensure consistent quality, the Company opened the Global Training Center within its Aichi Plant. At the Training Center, key staff working at the Company's plants in Europe, North America, and Asia receive global education training. Now, after almost three years since the opening of the Center, some of those trained at the Center are teaching what they have learned there to other employees at their local plants.

In Japan, the Automotive Glass Company is actively documenting the technologies and skills possessed by experienced employees in a manual using CUDBAS. Furthermore, the Company is educating trainers, who will pass down their technologies and skills to other employees in an accurate and intelligible manner by the use of the manual. The Company plans to expand the application of CUDBAS to its global education programs in the future.

By implementing the Asahi Way, the Automotive Glass Company encourages its employees, including those working at its overseas plants, to share technologies and skills accumulated at their workplaces and learn from one another. In this way, the same ideas and skills can be shared on a global scale, ensuring high quality manufacturing worldwide.

*2. The Asahi Way is a system for ensuring the achievement of Innovation & Operational Excellence, which is one of the four shared values set under the AGC Group's "Look Beyond" vision. It mainly covers factors concerning quality, safety, environment, cost, sales, and development.



Training provided at the Global Training Center

Passing down Advanced Manufacturing Skills to the Next Generation

The Flat Glass Company has been concerned about its "Year 2007 problem": the technology to design and build furnaces and the float technology developed over long years might not be passed down to the next generation from employees who will retire in and after 2007. In Japan, in order to deal with this problem, the Company built a database of skills and technologies using CUDBAS, and made the database available to its employees at any time through the intranet. Also, under the AGC Group's Meister Program (See page 46 for details), it established a system for encouraging employees with advanced manufacturing skills to directly educate, and pass down their skills to, the next-generation employees, thereby ensuring that the skills would be transferred from generation to generation.

At its plants located in Asian countries, the Flat Glass Company has the following problem: the plants had to adopt the technologies to manufacture new types of glass and high performance glass within a short period of time, and so were unable to take the time to pass down basic technologies from generation to generation. In response, the Company is utilizing CUDBAS not only for the inter-generation transfer of technologies and skills but also for quality/safety management and environmental protection. As a result, the Company identified the weak points in the management of its plants and has been efficiently making improvements.

Interview

Utilizing CUDBAS at Overseas Affiliates



Yasuhiko Toda

Technology & Skill Succession
Group Leader
Primary Glass Business Unit
Japan/Asia General Division
Flat Glass Company

At our plants located in Asian countries, we are utilizing CUDBAS to clarify existing problems, while encouraging local employees to think creatively vis-à-vis independent manufacturing.

AGC Monozukuri Training Center Ensures Quality Manufacturing

In July 2006, the AGC Group opened its Monozukuri Training Center within its Keihin Plant located in Yokoyama City, Japan. The Center is designed to serve as a new base to promote quality manufacturing across the AGC Group, where both new employees and managers will be trained to acquire advanced skills and technologies.

The Center comprises two buildings: the Training and Education Building and the Practical Training Building. At the Practical Training Building, employees are trained based on the concept of "actual workplace," "actual work," and "reality of workplace conditions." This building, equipped with machines and equipment similar to those actually used in AGC Group plants, provides trainees with hands-on learning opportunities. For example, they learn the structure of a furnace and its troubleshooting methods, which they would not be able to learn in their daily work at plants. In the

seminars and practical training sessions provided at the Center, trainers interact and communicate with trainees in such a way as to encourage trainees to gain the feel of the work, and to think independently and creatively.



Training at the Practical Training Building



Training and Education Building

Feature Article 5

Focus on Customer Satisfaction as a Foundation for Business



Promoting Customer Satisfaction (CS) as the Basis for Every Business

We can win the satisfaction and trust of customers by continuing to provide them with valuable products and services they really want. To this end, the AGC Group is promoting “Enhance activities for CS and quality management” as an important objective to be fulfilled in implementing its management policy. In September 2004, we established the Guideline of the AGC Group CS Policy as our officially stated commitment, and subsequently in 2005, we added the new principle of “incorporating the concept of CS into each employee’s daily work processes.” We implement this new principle through the six processes shown on the right. Through these processes, we review our daily operations from the viewpoints of our customers and based on their evaluations, thereby enhancing our ability to provide still greater value to customers. We have already achieved great results through the concerted efforts of all employees.

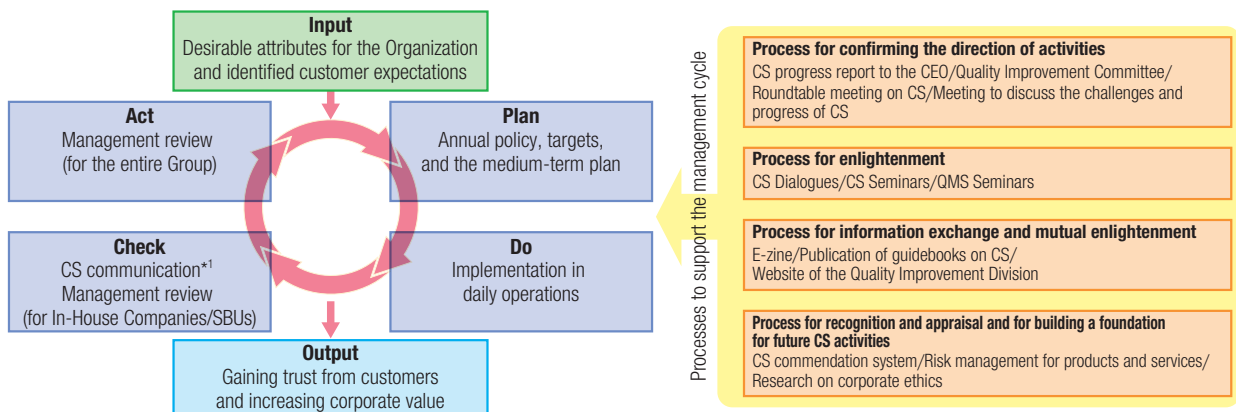
Furthermore, the AGC Group accepts all complaints from customers seriously. In order to reduce the inconvenience to customers and cut down the number of complaints, the quality assurance section of each Group company takes the initiative to establish quality management systems based on ISO 9000f and other standards, and conducts drastic quality control activities.

The six processes for “incorporating the concept of CS into each employee’s daily work processes”

We will:

1. clarify who our customers are.
2. reflect on the work values provided by ourselves from the perspective of our customers.
3. reflect on the values required by our customers and provide what is considered as the best value for our customers.
4. ask our customers to appraise our work value.
5. modify our jobs based on these appraisal results.
6. incorporate these activities into policy and targets.

Management Cycle for “Incorporating the Concept of CS into Each Employee’s Daily Work Processes”



*1. System under which the head of each In-House Company/SBU evaluates their progress in “incorporating the concept of CS into each employee’s daily work processes,” discusses the evaluation results with the Quality Improvement Division, and reviews the specific implementation methods.

Example of Giving Priority to CS

Business Operation from the Viewpoint of Customers
Asahi Glass Ceramics Co., Ltd. (Japan)

Asahi Glass Ceramics is conducting activities to “incorporate the concept of CS into each employee’s daily work processes” under its management policy of “business operation from the viewpoint of customers and based on fact findings.”

At its plants, employees in charge of equipment maintenance have been striving to reduce the annual number of serious occupational accidents to zero, in response to a request of highest priority from the manufacturing staff (their internal “customers”), by such measures as clarifying their individual responsibilities and promoting voluntary inspection patrols. As a result, they successfully reduced the number of serious accidents to zero in fiscal 2006, which has greatly contributed to the stable operation of the plants.

In addition, employees engaged in manufacturing and those in charge of equipment maintenance were able to promote mutual communication through the aforementioned activities, and the manufacturing staff deepened their equipment-related knowledge and skills. The activities thus help promote the revitalization of the entire organization.



Review meeting held after a voluntary inspection patrol

Example of Promoting CS in a Workplace

Recognizing the Existence of Internal “Customers”
Optrex Thailand Co., Ltd. (Thailand)

Optrex Thailand is implementing measures to increase the satisfaction of its internal “customers” in its activities aimed at “incorporating the concept of CS into employee’s daily work processes.” For example, the Personnel Section launched a system under which members of the Manufacturing Department, who are internal “customers” of the Section, create evaluation reports on the satisfaction level of services provided by the staff of the Personnel Section. Those receiving high evaluation from the Manufacturing Department are given an extra bonus, and thus since the introduction of the system, all members of the Personnel Section have been actively taking CS into consideration in their work, which has resulted in better communications among employees.

The company also introduced a “suggestion box” to promote communications between members of the Manufacturing Department and the Personnel Section, who have few opportunities to directly talk with each other.



Suggestion box

Example of CS Promotion in Management

CS as an Integral Part of Business Strategy
AFG Industries Inc.(U.S.A.)

Customers have diversified needs, and so it is difficult to constantly provide them with products that truly satisfy them. Nevertheless, AFG Industries is committed to meeting this challenge, believing that they can differentiate themselves from competitors by building close relations with their customers. Specifically, they have established cross-functional work teams, in which their customers also participate, aimed at improving their products, services, and technologies. Consequently, the company has been able to improve CS and also heighten employees’ sense of participation in the development of the business.

Example of Transforming Corporate Culture through CS Promotion

Transforming Corporate Culture into One That Values Communications through CS Activities
Asahi Techno Glass Corp. (Japan)

At Asahi Techno Glass, employees, in particular managers, attended the CS Seminar*2 to learn about the significance of CS. As a result, internal communications have been promoted beyond divisional boundaries, including communications with partner companies. At present, staff of different divisions often cooperate together to make improvements to their operations, which in turn helps improve the business performance of the entire company. Last year, the company launched a program called “CS Challenge Themes.” Under the program, all employees set their own CS targets and have the progress of their achievements evaluated by internal and external customers. This program serves as a criterion for evaluating individual employees and they are given term-end allowances based on the evaluation results.

*2. The CS Seminar is held worldwide by Asahi Glass’s Quality Improvement Division to “incorporate the concept of CS into employee’s daily work processes.” The CS Seminar has been held 60 times in the past, and attended by a total of 1,100 employees.

Example of CS Improvement through Higher Product Safety

CS Improvement through Product Stewardship
AGC Chemicals Europe Ltd.(U.K.)

AGC Chemicals Europe is promoting product stewardship, which means minimizing the adverse impact that its products have on human health and the environment in every stage of their life cycles, namely the stages of development, manufacturing, distribution and selling, use, and disposal. At the development stage, the company designs products in consideration of their safety and impact on human health and the environment, and chooses appropriate materials for the products. At the distribution and selling stage, it gives certifications to qualified dealers and transporters, and educates, trains, and audits them. In addition, the company designates appropriate specifications for packaging to ensure the use of safe and recyclable packaging, dispatches product safety information, and provides employees and customers with education and training about safety and environmental considerations. Through these activities conducted under the product stewardship program, the company ensures CS throughout the life cycles of its products and promotes communications with its suppliers and customers.



Milestones toward the Contribution to a Sustainable Society

The AGC Group promotes activities in the fields of environment, occupational health and safety, and industrial safety and security, to realize “Environment,” one of the four shared values in the Group vision **“Look Beyond”**.

| | Fiscal 2006 | | | Fiscal 2007 |
|------------------------------|---|--|-----------------|--|
| | Major targets | Major results | Self-evaluation | Major targets |
| Environment | Continuous improvement of the Integrated Environmental Management System (Integrated EMS) and its expansion to domestic and overseas affiliates | <ul style="list-style-type: none"> • Due to the expansion of the Integrated EMS, the number of affiliates joining this system has increased to 50 in Japan and 22 overseas. • Long-term targets were set for the environment. | A | <ul style="list-style-type: none"> • Expansion of the Integrated EMS |
| | Reduction in environmental impact and prevention of pollution | <ul style="list-style-type: none"> • All In-House Companies/SBUs and plants endeavored to reduce emissions that carry environmental impact. (For environmental performance data, see pages 35 and 36.) | A | <ul style="list-style-type: none"> • Promotion of activities geared towards the achievement of the long-term targets • Reduction in environmental impact and prevention of pollution |
| | Active promotion of positive environmental activities | <ul style="list-style-type: none"> • Received an award from the Minister of the Environment for the development of a caustic soda production process that eliminates reliance on mercury and on asbestos (see page 32). | B*1 | <ul style="list-style-type: none"> • Global promotion of positive environmental activities |
| Occupational Health & Safety | Occupational Health & Safety Management System (OHSMS and risk assessment) | <ul style="list-style-type: none"> • The plants of Asahi Glass (unconsolidated) reviewed the system to improve the effectiveness of OHSMS. • AGC Group affiliates (in Japan and other Asian countries) promoted OHSMS and risk assessment. • The AGC Group affiliates (in Europe and North America) identified best practice examples for occupational health and safety. | B*2 | <ul style="list-style-type: none"> • Continuous establishment and expansion of OHSMS and risk assessment and identification and sharing of best practices examples across the Group |
| | Establishing inherent safety by design | <ul style="list-style-type: none"> • A risk assessment system was developed for the design and production of equipment, and preparations were made for compliance with the international safety standard (ISO 12100). | A | <ul style="list-style-type: none"> • Establishing inherent safety by design |
| | Creating a safety-prioritized corporate culture | <ul style="list-style-type: none"> • Feature articles on safety were published in the Group's in-house magazine <i>AGC Today</i>. | B*3 | <ul style="list-style-type: none"> • Promoting safety-prioritized corporate culture and raising safety awareness of employees |
| | Promoting a safe and healthy working environment | <ul style="list-style-type: none"> • Each plant of the AGC Group improved its working environment. | A | |
| Industrial Safety & Security | Maintenance and improvement of industrial safety & security | <ul style="list-style-type: none"> • Each plant of Asahi Glass reviewed its emergency manual. | A | <ul style="list-style-type: none"> • Continuous improvement of the industrial safety and security system, including the introduction of third-party evaluation for disaster prevention training and revision of manuals on earthquake countermeasures |

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

Reason for the evaluation

- *1. Expected levels were not achieved for environmental business and internal environmental accounting.
- *2. OHSMS and risk assessment were not introduced to and established at domestic and overseas affiliates as planned.
- *3. The intention of management was not fully communicated across the AGC Group.

Ensuring Environmental Improvement through the Use of the AGC Environmental Indicator

The AGC Group has set the AGC Environmental Indicator to contribute to environmental improvement as part of its CSR. We aim to achieving our environmental improvement targets through the use of this environmental indicator.

Companies often implement measures to reduce their emissions of substances of concern in absolute quantities, or in terms of emissions per unit of sales. In implementing these measures, however, companies do not compare their emissions with total emissions in the local area or the country, and they might choose items that they can easily reduce without due consideration to the environment.

The AGC Group believes that companies should reduce the environmental impact caused by their production activities to a level that is appropriate for the size of their business operations. Accordingly, we have introduced the AGC Environmental Indicator, based on which we will implement environmental improvement measures, giving priority to items with higher environmental impact.

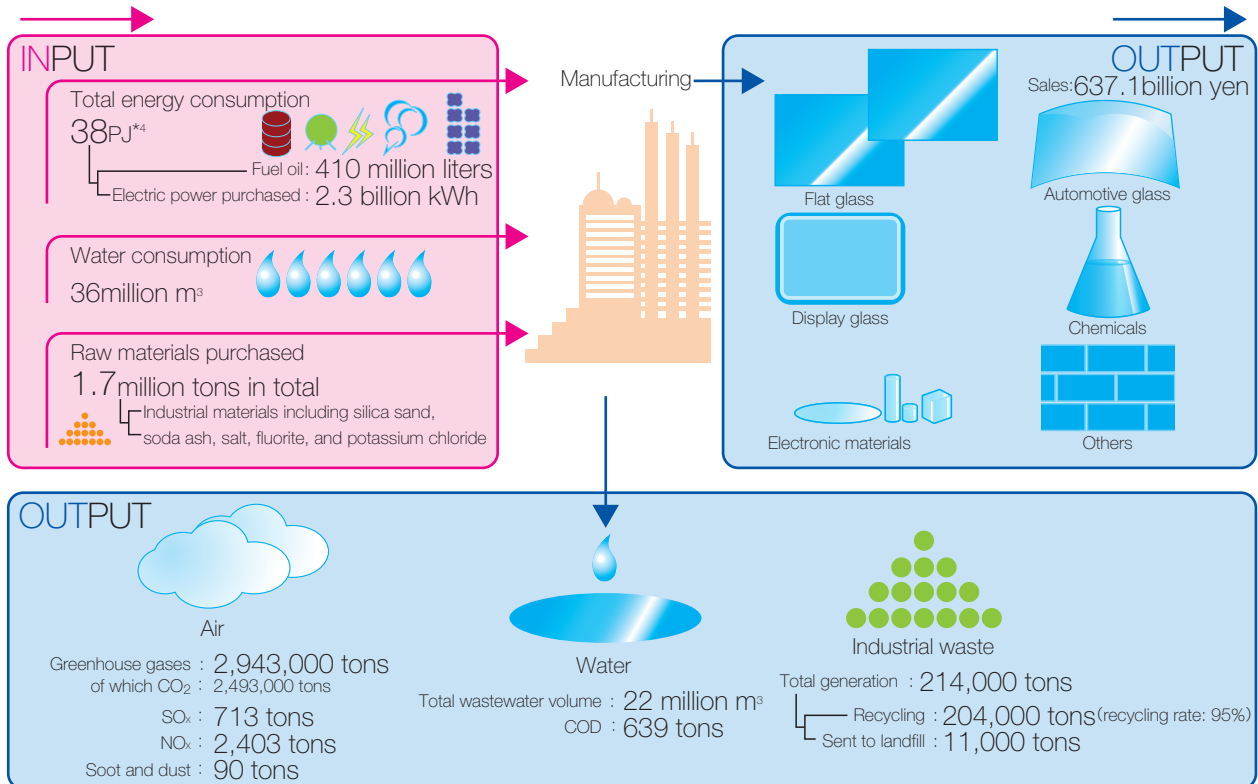
For a detailed calculation and evaluation method of the AGC Environmental Indicator, please refer to the next page. Briefly, we first calculate the ratio of our emissions of substances of concern to total emissions in Japan (our environmental impact ratio). Then, we calculate the ratio of our sales to Japan's GDP (to identify our relative economic size).

Then we divide the former ratio by the latter ratio. The result represents the AGC Environmental Indicator. Using this indicator, we evaluate whether our emission level is appropriate for the size of our business operations. We initially aim to maintain the value of the AGC Environmental Indicator at 2 or less for all substances of concern.

In fiscal 2006, we were able to achieve our targets for almost all the reduction items, including total energy consumption, greenhouse gas emissions, and COD emissions. We will continue to achieve our targets into the future, and will formulate a long-term plan to achieve our target for NO_x, which we are now emitting in excess of the target level.



We conduct our business, fully aware that our operations have high environmental impact



Scope of data: Asahi Glass (unconsolidated)
Totals do not always match the sum of the individual figures because of rounding.
*4. PJ (peta joule) = 10¹⁵J (joule)

How to Calculate the AGC Environmental Indicator

$$\text{AGC Environmental Indicator} = \frac{\text{Environmental impact ratio}}{\text{Economic size}} = \frac{\frac{\text{Emissions of substances of concern by Asahi Glass}}{\text{Total emissions of substances of concern in Japan}}}{\frac{\text{Sales of Asahi Glass}}{\text{Japan's GDP}}}$$

Targeted value for the AGC Environmental Indicator

AGC Environmental Indicator ≤ 2

AGC Environmental Indicator (Year-on-Year Comparison)

Scope of data: Asahi Glass (unconsolidated)

| | Fiscal 2006 | | Fiscal 2005 |
|------------------------------------|--|-----------------------------|-----------------------------|
| | Economic size/ environmental impact | AGC Environmental Indicator | AGC Environmental Indicator |
| Sales | 637.1 billion yen | 1.0 | 1.0 |
| Total energy consumption | 38P J | 2.0 | 2.0 |
| Greenhouse gas emissions | 2,943,000 tons | 1.8 | 1.9 |
| of which CO ₂ emissions | 2,493,000 tons | 1.6 | 1.4 |
| SO _x | 713 tons | 1.0 | 1.3 |
| NO _x | 2,403 tons | 2.2 | 3.3 |
| Soot and dust | 90 tons | 1.2 | 1.2 |
| Sent to landfill | 11,000 tons | 0.3 | 0.2 |
| COD | 639 t | 0.4 | 0.6 |

Source: Website of the Economic and Social Research Institute, Cabinet Office, Government of Japan
Environmental Statistics (Ministry of the Environment)



Committed to Reducing Environmental Impacts as a Management Priority

Concept

Contribution to a Sustainable Society

The AGC Group, under its group vision “Look Beyond,” lists Environment as one of the four values to be shared by all its employees. As a responsible corporate citizen, we are actively engaged in environmental activities geared towards the contribution of a sustainable society.

AGC Group Basic Environmental Policy

(Established on February 9, 2001 and revised on April 1, 2007)

Basic Policy

AGC Group has designated environmental activities as one of the Shared Values in the Group Vision, “Look Beyond,” with an awareness of large amount of resources and energy consumption.

We shall contribute to the development of a sustainable society as a materials and components global enterprise, through effective use of the limited resources and energy, and consideration the influence of our activities on the natural environment including biological diversity.

Slogan

Play your part as a responsible citizen in creating a better environment.

Guidelines for Environmental Activities

AGC Group will implement environmental activities based on the following Guidelines throughout our business activities.

- (1) We will make continuous improvements based on the Integrated Environmental Management System.
- (2) We will comply with all regulations and standards prescribed by environmental laws, ordinances, treaties, and agreements.
- (3) We will take steps to reduce environmental impact and to prevent pollution. We will set voluntary targets as regards resource conservation, global-warming countermeasures, waste reduction and recycling, and the proper control of chemicals. We will work to accomplish these goals while making further improvements.
- (4) We will develop and provide eco-conscious products, technologies, services, and facilities for society in all areas of our activities.
- (5) We will actively communicate with society to foster an appropriate understanding of all aspects of our environmental activities.

The AGC Group Environmental Policy is disclosed to the public.

Approach

Reducing Environmental Impacts through Concerted Efforts of the Group

■ Integrated EMS

The AGC Group started to establish an Integrated Environmental Management System (Integrated EMS) in 2003. By the end of fiscal 2006, most of our affiliates in Japan were incorporated into the Integrated EMS. In 2007, we will expand this Integrated EMS to our overseas affiliates as well. The Automotive Glass Company, ahead of other In-House Companies/SBUs, incorporated its overseas productions sites into the Integrated EMS (see below). In accordance with the progress of the Integrated EMS, we are increasingly able to exchange information and share technologies beyond organizational boundaries within the Group. The AGC Group will further accelerate its environmental improvement activities across the Group.

AGC Group's ISO 14001 Certification

(As of March 2007)

| Location | No. of production sites | No. of certified sites (Numbers in parentheses indicate sites incorporated into the Integrated EMS) |
|---------------|-------------------------|--|
| Asahi Glass | 10 | 10 (10) |
| Japan | 64 | 48 (40) |
| Asia | 31 | 20 (9) |
| Europe | 55 | 22 (8) |
| North America | 19 | 7 (7) |
| Total | 179 | 107 (74) |

Action

The Automotive Glass Company Incorporated Its Overseas Affiliates into the Integrated EMS



Tsuneo Ishizu

Director of the Environment Management Office
Automotive Glass Company

In 2006, the Automotive Glass Company acquired ISO 14001 certification for its sites in the three regions of Europe, North America, and Asia including Japan, and became the first In-House Company in the AGC Group to participate in the Integrated Environmental Management System(EMS).

Although environmental situations differ by region and country, we were able to set our common environmental policies, objectives and targets through repeated discussions. Under the Integrated EMS, each of our sites in the regions and countries conduct environmental activities and make continuous improvements based on our common objectives and targets. We have introduced mutual audits among the regions and countries as part of our internal audit

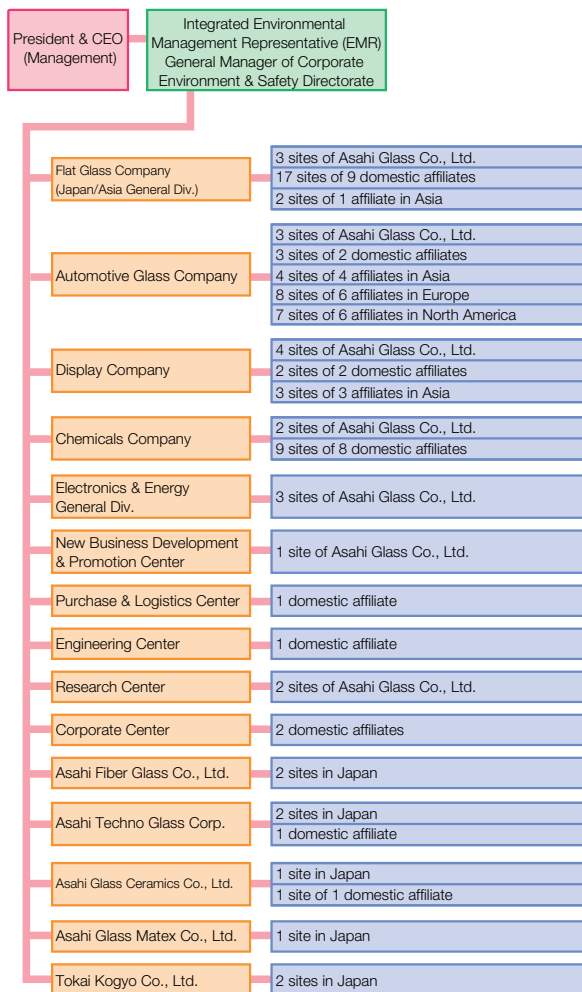
In order to maintain sustainable development with customers, with due consideration to environmental concerns, the entire company, including its overseas affiliates, conducts global environmental activities under the Integrated EMS.

procedures to improve the Integrated EMS, while increasing the environmental performance of the entire company by exchanging information and sharing technologies across the company.

Automakers, who are our customers, are actively expanding their business on a global scale while giving due consideration to the environment. We will meet the multifarious environmental needs of our customers through the effective use of the Integrated EMS. We will continue to make great contributions to the improvement of the environment as a top runner in the industry.

Organization Implementing Integrated EMS

(as of March 2007)



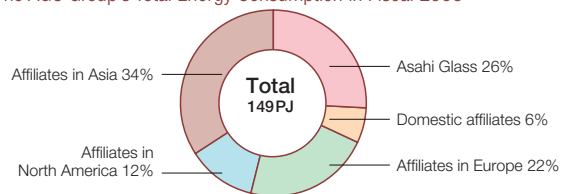
- The number of affiliates (consolidated subsidiaries) and the number of product sites are shown.
- For plants and affiliates belonging to more than one In-House Company/SBU, the above numbers are indicated per In-House Company/SBU in duplication.

Reduction in Greenhouse Gas Emissions

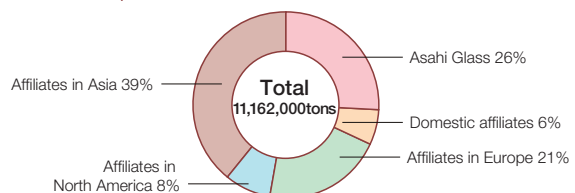
As of the end of 2006, Asahi Glass decreased its CO₂ emissions by 27% as compared to the baseline year (1990) for the Kyoto Protocol. This was achieved mainly by the restructuring of business, the introduction of glass melting furnaces using the total oxygen combustion system, and the introduction of energy-saving technologies. In the future, we will enhance our traditional environmental activities through comprehensive technological development, including fuel conversion to more environmentally friendly fuels.

For the five greenhouse gases other than CO₂, the AGC Group has been reducing the emissions of HFC, PFC, and SF₆, which it manufactures, as early as from the establishment of the Kyoto Protocol. At the end of 2005, we reduced the emissions of these gases by as much as 94% as compared to the baseline year (1995). The amount reduced is equivalent to approximately 40% of the total reduction achieved in Japan in fiscal 2005. We were able to achieve this by the development of HFC-23 destruction technology, for which we received the Grand Prize for Stratospheric Ozone Layer Protection and Global Warming Prevention—Economy, Trade and Industry Minister Award.

The AGC Group's Total Energy Consumption in Fiscal 2006



The AGC Group's Greenhouse Gas Emissions in Fiscal 2006



Action Achieving Fuel Conversion from Heavy Oil to Natural Gas Asahi Fiber Glass Co., Ltd.(Japan)

The Shonan Plant of Asahi Fiber Glass (located in Kanagawa Prefecture, Japan) has two glass melting furnaces, and manufactures 70,000 tons of glass fiber products (equivalent to the amount used for approximately 160,000 housing units) on an annual basis. The plant traditionally used heavy oil as fuel for the furnaces because its combustion was easily controllable. Heavy oil, however, contains relatively high sulfur, emits soot and dust as well as CO₂, which is a greenhouse gas, in large amounts. The plant therefore decided to replace heavy oil with cleaner natural gas, and spent four years on fuel conversion. Finally in 2006, it achieved fuel conversion from heavy oil to natural gas for one of the two furnaces, thus becoming the first to achieve fuel conversion among the domestic AGC Group affiliates. Subsequently in the spring of 2007, the company began to use natural gas for the other furnace, thereby completely discontinuing the use of heavy oil. As a result, the company reduced its SO_x emissions by 79%, CO₂ emissions by 21%, and soot and dust emission by 50%.

The company became the first to tackle fuel conversion in the AGC Group. It completely discontinued the use of heavy oil as fuel in April 2007.

Of the raw materials used by the plant, as much as 85% are recycled materials from automotive glass, window glass, and glass bottles. Also, the plant recycles materials wasted within the site.

Estimated Reduction in Emissions Achieved by Fuel Conversion

| | Heavy oil combustion | Natural gas combustion | Reduction(%) |
|--------------------------------------|----------------------|------------------------|--------------|
| SO _x (Nm ³ /h) | 2.5 | 0.52 | 79 |
| NO _x (Nm ³ /h) | 1.1 | 0.81 | 28 |
| Soot and dust (g/Nm ³) | 0.026 | 0.013 | 50 |
| CO ₂ (tons/month) | 656 | 520 | 21 |

Environmental Activities

Environmental Technologies and Products Contributing to a Reduction in Greenhouse Gas Emissions

■ Eco Glass Reducing Environmental Impact While Keeping Your Room Comfortable

Low-E Insulated Glass Unit Sun Balance®

Asahi Glass's Low-E Insulated Glass Unit Sun Balance® is a high-performance window glass that excels in heat insulation and shielding. By the use of this glass, you can reduce CO₂ emissions while keeping your room comfortable.

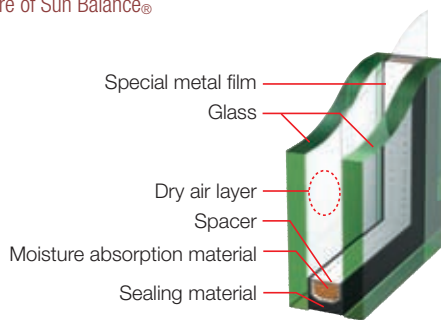
Sun Balance® is a type of low-emissivity glass with a dry air layer sealed between two sheets of glass and a special metal film coating on the inside of one of the sheets of glass. The glass shuts out outdoor coldness in winter by preventing thermal transmission between the room and the outside by the highly insulating dry air layer, and shields the glaring summer sunshine in summer. This results in a reduction in the power consumption of air-conditioning, which in turn reduces CO₂ emissions.

Because of its contribution to CO₂ emission reduction, Sun Balance® is registered as an Eco Glass*¹ product promoted by the Flat Glass Manufacturers Association of Japan.

Furthermore, Asahi Glass developed Sun Balance Security® by adding the security and safety functions to the insulating and shielding functions of Sun Balance®. We will continue to develop products meeting a wide range of customer needs, thereby contributing to a sustainable society.

*1. Eco Glass is the trade name for glass products that perform the highest (Grade 4) in thermal environment performance in the Housing Performance Indication System. Thermal environment performance is the degree of reduction of the energy used in heating and cooling by such means as thermal insulation. Eco Glass can satisfy the Next-Generation Energy Conservation Standard established by the Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure and Transport, with only a lace curtain drawn across the window.

Structure of Sun Balance®



Comparison of thermal insulation performance by thermal transmittance*² (Sun Balance® is used)



*2. Thermal transmittance: Value to indicate thermal movement in a specific area, such as a wall or a window. The smaller the value is, the higher the thermal insulation.

■ IR and UV Cut Glass

Coolverre®

Coolverre®, which blocks ultraviolet rays (UV) and infrared rays (IR), is used as automotive glass that is friendly to both the driver and the environment. We developed this product in response to a request from customers who want more comfort in driving.

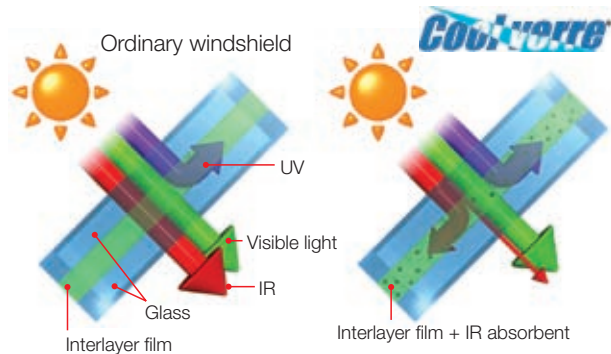
By blocking infrared rays, which cause a thermal effect, Coolverre® halves the time required for an air conditioner to decrease the in-vehicle temperature from 45°C to 25°C. The glass thus helps improve cooling efficiency, which in turn reduces CO₂ emissions from the vehicle*³. As its biggest feature, Coolverre® substantially blocks middle infrared rays, which mostly cause the skin to sense frizzling heat. As a result, it feels cooler inside the vehicle than the actual outside temperature, which in turn leads to a reduction in energy consumption by air conditioning.

In addition, the product, incorporating Asahi Glass's unique technology, blocks ultraviolet rays, which are known to cause blotches and freckles, while allowing radio waves used for the ETC system*⁴ and cell phones to enter the vehicle. Coolverre®, developed using Asahi Glass's technological capabilities, is indeed friendly to people and the environment.

*3. According to the results of in-house evaluation.

*4. Electronic toll collection system for the automatic collection of toll road fees through wireless communication.

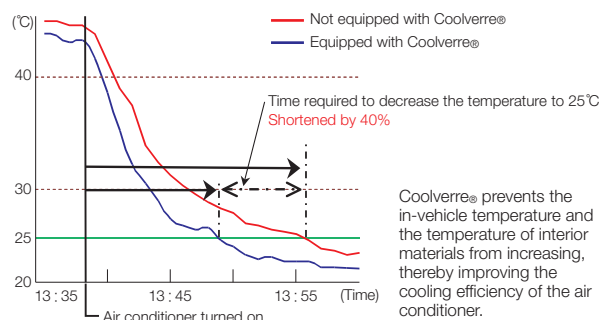
Comparison between ordinary windshield and Coolverre®



Effects of Coolverre®

Comparison of average in-vehicle temperatures (measured inside a vehicle parked in a space facing south in the summer)

In-vehicle temperatures after the air conditioner is turned on



Coolverre® prevents the in-vehicle temperature and the temperature of interior materials from increasing, thereby improving the cooling efficiency of the air conditioner.

■ **Next-Generation Solvent with Zero Ozone Depletion Potential**
ASAHIKLIN AE-3000

The ASAHIKLIN Series products are fluorinated solvents that Asahi Glass developed ahead of others on the world market. These solvents feature excellent finish of cleaned parts and short drying time, and they are inflammable. They are also proved to be safe for human health.

In particular, ASAHIKLIN AE-3000 is attracting much attention as an excellent next-generation fluorinated solvent with very low environmental impact. This product is mainly used in the process of cleaning precision devices, including dust removal and drying after water-cleaning or rinsing. Unlike conventional cleaning solvents, ASAHIKLIN AE-3000 has zero ozone depletion potential (ODP). The ODP represents the relative amount of degradation to the ozone layer that a chemical can cause, and if the value is zero, it means that the chemical will never deplete the ozone layer even if it continues to be used in the future. Furthermore, ASAHIKLIN AE-3000 has a relatively small global warming potential (GWP: used to show the relative contribution of a substance to global warming), as compared to other fluorochemicals, the GWP of which usually range from several thousands to more than 10,000. In addition, we are now recycling waste solvents by the distillation method.

Asahi Glass developed ASAHIKLIN AE-3000 as an environmentally friendly product in response to the needs of the market, where substances with lower environmental impact are increasingly replacing traditional materials.

Physical Properties and Features of ASAHIKLIN AE-3000

| Physical property | | Feature (implied by data) |
|--|------------|---|
| Ozone depletion potential (CFC-11=1) | 0 | No ozone depletion potential even if continuously used |
| Global warming potential (CO ₂ =1, 100 years) | 540 | Relatively small as compared to other fluorochemicals, which have GWPs of several thousands to more than 10,000 |
| Boiling point | 56°C | Appropriate boiling point (small thermal effect on materials and short drying time) |
| Viscosity (25°C) | 0.65 mPa·s | Fluid, low viscosity |
| Surface tension (25°C) | 16.4 mN/m | Penetrates even into very small clearance |
| Ignition point | None | Not specified as a inflammable substance by the Fire Service Law |

ASAHIKLIN AE-3000 packed for shipment



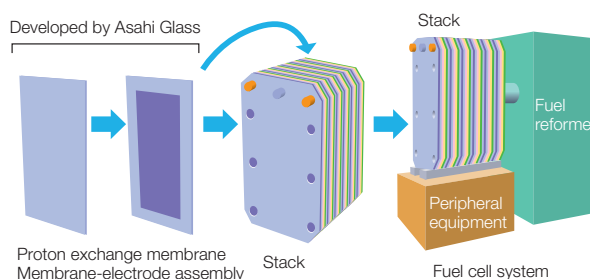
■ **Expanding the Possibility of Clean Energy Sources**
Membrane-Electrode Assembly (MEA) for Fuel Cells

Asahi Glass has been developing a membrane-electrode assembly (MEA) to be used as the core part of a fuel cell. An MEA consists of a proton exchange membrane and electrodes in a single unit and generates electricity and water from hydrogen. The performance of a fuel cell largely depends on the MEA.

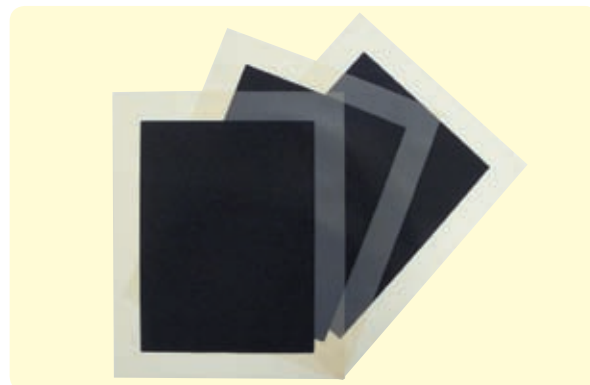
Conventional MEAs, however, are not durable under high temperature and low humidity conditions, and are not suited to continuous operation. In the automobile industry, which is expected to have greater demand for MEAs in the future, MEAs that can be stably operated over long periods at temperatures of 100°C or higher and at low humidity levels are required. In response, Asahi Glass started the improvement of MEAs using the technology it had accumulated in the development of fluoropolymer ion-exchange membranes(see page 32). As a result, we became the first manufacturer to create a new MEA that can be continuously operated over long periods at a high temperature of 120°C and a low humidity.

Fuel cells are operated using hydrogen, and so discharge only water and do not emit any greenhouse gases. They thus represent a clean power source. Also, due to their efficiency in power generation, demand for fuel cells will further increase in the future. Accordingly, Asahi Glass will continue research into, and improvements on, the new MEA, aiming to commercialize a fuel cell part using this MEA within the next few years.

Structures of a membrane-electrode assembly (MEA) and a fuel cell



Membrane-electrode assembly (MEA) for fuel cells



Waste Reduction Activities

Asahi Glass started its waste reduction activities in 1996, even before the illegal disposal of industrial waste became a social problem in Japan. As a result of these activities, we achieved our target of 90% reduction from the fiscal 1995 level at the end of fiscal 2001. Since fiscal 2002, we have been conducting zero emission activities to achieve a target recycling rate of 99% or more by the end of fiscal 2005. We, however, have not yet attained this target: our recycling rate was 96% and 95% in fiscal 2005 and fiscal 2006, respectively (for detailed data, see page 35), mainly because it is difficult to recycle sludge generated from our chemicals business.

For a company engaged in the chemicals business, a recycling rate of 99% is indeed an extremely difficult target, but we will continue to take on the challenge of achieving zero emission by the end of fiscal 2008.

In line with the global expansion of our production sites, we are more actively engaged in the recycling of waste beyond national boundaries. For example, we transfer glass cullet across the Southeast Asian region in its recycling process.

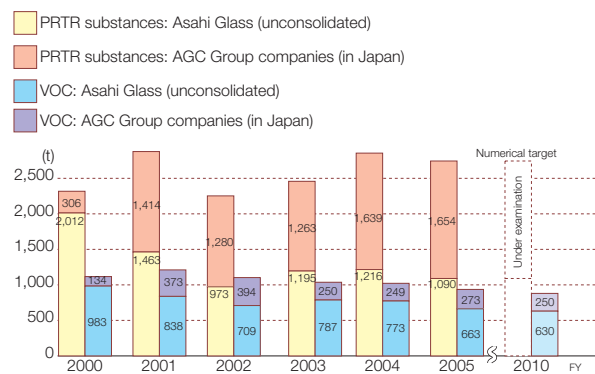
In 2003, offices including the head office and our domestic affiliates also started zero emission activities. The AGC Group is thus actively promoting zero emission activities across the Group.

Measures to Reduce the Emissions of Chemical Substances

In 1997, Asahi Glass participated in a pilot project implemented by the Japan Chemical Industry Association, and has since been strengthening its system to manage the emissions of chemical substances. As for the emissions of dichloromethane and other priority chemical substances, in fiscal 2002 we achieved an 80% reduction from the fiscal 1995 level.

The Japanese government started to regulate volatile organic compounds (VOC) in 2006 with the aim of reducing total VOC emissions in Japan by 30% (of which 20% should be reduced through voluntary measures taken by the related industries) from the fiscal 2000 level by 2010. In response, Asahi Glass and its affiliates in Japan launched a number of activities to reduce our VOC emissions by 25% from the fiscal 2001 level by 2010, a numerical target higher than the voluntary target set forth by the government.

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



Prevention of Soil and Groundwater Contamination

Kashima Plant of Asahi Glass (Kamisu City, Ibaraki Prefecture, Japan)

In a voluntary survey conducted on soil and groundwater at the plant, it was revealed that VOC and heavy metal concentrations there exceeded the upper limits of the relevant environmental standards, due to the past leakage of these substances into the soil and groundwater. Regarding this matter, we were given instructions from the municipal government and gave explanatory presentations to local inhabitants. We then examined how to prevent the spread of the contaminating substances, and how to remove them and decontaminate the soil and groundwater. We have already started implementing the countermeasures.

Former playground and dormitory site, Kansai Plant of Asahi Glass (Amagasaki City, Hyogo Prefecture, Japan)

At the site, the concentration of arsenic in groundwater was found to be above the upper limit of the relevant environmental standard. We started to implement environmental measures against this problem in February 2006. Specifically, we installed a wall to block the flow of groundwater alongside the boundary of the site, and pumped and decontaminated the groundwater. It took us approximately three months to complete this work.

Former Funabashi Plant of Asahi Glass (Funabashi City, Chiba Prefecture, Japan)

As a result of a survey conducted when the plant was closed, it was revealed that the soil and groundwater of the site were contaminated. In response, we started remedial work in 2005, which will be finished this September as planned.

Interview

Accelerating Zero Emission Activities through Participation in the AGC Group Integrated EMS

AGC Glass Products Co., Ltd. (Japan)



Toshiji Odaira
CSR Office
AGC Glass Products Co., Ltd.

AGC Glass Products manufactures processed glass for construction and processes and delivers flat glass to all over Japan. We believe that active contribution to global environmental protection is one of our basic corporate responsibilities, and based on this philosophy we are engaged in environmental management activities. In 2006, we participated in the AGC Group Integrated EMS, and have since been devoting ourselves to zero emission activities, regarding the reduction of waste as one of our priority issues.

All our employees meticulously sort waste to reduce the amount sent to landfills. Also, we share information about the calculation results of our recycling rates to further motivate ourselves in the pursuit of zero emission activities.

Our recycling rate in fiscal 2006 was 93%, and we will continue to make improvements to achieve zero emission as early as possible.

Feature on the Environment

Protection of Global Environment through Outstanding Technologies

Developing an Environmentally Friendly Caustic Soda Production Process

The AGC Group has been fully meeting the needs of the times concerning environmental friendliness and safety regarding its caustic soda (sodium hydroxide) production process. Caustic soda is an indispensable chemical for a variety of industries and is used in the production of diverse products, including chemical fibers, paper and pulp, and soaps. Caustic soda is manufactured by the electrolysis of brine, and the mercury process and the asbestos diaphragm process were traditionally used in its manufacture. However, due to the pollutive effects of mercury and asbestos emissions into the environment, early in the 1970s, the Japanese government required domestic manufacturers to develop a new manufacturing process for caustic soda.

In 1974, in response to the government's request, the AGC Group embarked on the development of an ion-exchange membrane process, in which the electrolysis of brine is conducted using an ion-exchange membrane for selective filtering of ions to produce caustic soda and chlorine. Subsequently in 1975, Asahi Glass developed a fluoropolymer ion-exchange membrane (Flemion®) to be used for caustic soda production. We also developed highly durable and energy-saving activated cathodes, and established the electrolysis technology to manufacture caustic soda by the use of Flemion® and the activated cathodes.

The ion-exchange membrane process does not require the use of hazardous substances. Also, the process leads to substantial energy-saving. The AGC Group, by the use of this newly developed manufacturing process with these advantageous features, has achieved an approximately 40% reduction in energy consumption as compared to the mercury process and the diaphragm process.

Flemion®



Flemion® is highly appreciated by its users as an extremely low voltage, energy-saving membrane.

Ion-exchange membrane process equipment



Ion-exchange membrane process equipment newly installed at the Phrapradaeng Plant of AGC Chemicals (Thailand) Co., Ltd.

Further Improvement to Flemion® with a View to Environmental Contribution

The AGC Group has made various improvement of Flemion®, in addition to improvement of the caustic soda manufacturing process. Recently, poorly refined brine containing impurities has been increasingly used in some areas, and in consideration of this fact, we developed Flemion F-8020®, which is highly durable against impurities contained in brine. Furthermore, we are applying our ion-exchange membrane technology to the development of fuel cells. (See page 30 for details.)

Becoming the World's First Manufacturer to Complete the Conversion to the Ion-Exchange Membrane Process

In 2006, AGC Chemicals (Thailand) Co., Ltd., an affiliate of the AGC Group in Thailand, converted its caustic soda manufacturing process from the mercury process to the ion-exchange membrane process. This marked the completion of conversion to a manufacturing process using Flemion® by all the AGC Group caustic soda manufacturing plants. In the world, however, the ion-exchange membrane method is applied by 50% or smaller percentage of caustic soda manufacturers, and even in Europe, which leads the world in the reduction of greenhouse gas emissions, the targeted deadline for the full discontinuance of the use of the mercury process has been set at 2020.

The AGC Group has thus converted its production process to a clean and more energy-saving process ahead of its competitors around the world. Also, we will expand the sales of highly energy-saving Flemion® to help other manufacturers convert their production processes to more environmentally friendly ones, thereby contributing to reducing the global environmental impact caused by manufacturing activity.

Topic

Recognition from Japan's Environment Ministry for Developing Activated Cathodes for the Caustic Soda Production Process

In June 2006, at the 33rd Environment Prize awards, held jointly by the Hitachi Environment Foundation and Nikkan Kogyo Shimbun, Ltd. the AGC Research Center and the AGC Chemicals Company earned recognition from Japan's Ministry of the Environment for the ion-exchange membrane process they developed to produce caustic soda and chlorine. That process has eliminated reliance on mercury and asbestos. The ministry made special note of the AGC Group's success in developing and adopting ultra-durable cathodes in the process. The ion-exchange membrane process, which combines the high performance ion-exchange membrane Flemion® and the newly developed ultra-durable activated electrodes, is widely used across relevant facilities in the world, and the process has greatly contributed to energy saving and the prevention of environmental pollution. Receiving high acclaim, we won an award for our achievement.

Award ceremony



These four representatives of the AGC Research Center and the AGC Chemicals Company represented the AGC group at the award ceremony

Environmentally Friendly Transportation

The revised Act Concerning the Rational Use of Energy was put into effect on April 1, 2006, and environmental measures pertaining to transportation are gaining attention.

The total volume of domestic transportation was 850 million ton-kilos per year for Asahi Glass (unconsolidated) in the period from April 2006 to March 2007, which is equivalent to 69,000 tons of CO₂ emissions per year.

Asahi Glass deals with products that are bulky and heavy by nature, and so we are designated as a specified consigner (transportation volume: 30 million ton-kilos or more) under the revised Act Concerning the Rational Use of Energy.

Asahi Glass, in order to reduce its per-unit emission of CO₂ by 5% over the next five years, is implementing a variety of environmental measures in its transportation activities, including both (1) organizational measures such as modal shifts (to ships, freight cars, and ferries), joint transportation

with other companies, upsizing of transportation vehicles, and further use of low-emission vehicles, and (2) daily efforts made by individual employees such as avoiding idling and engaging in “eco-driving” (driving in a more efficient manner).

The AGC Group will continue to improve the efficiency of its transportation activities in order to reduce the environmental impact caused by these activities.

[Reducing CO₂ emissions by the effective use of local ports]

Asahi Glass shortens its domestic road transportation distance to its delivery destinations by the use of local ports. The use of local ports is useful in reducing CO₂ emissions, as well as in avoiding traffic congestion.

In the past, we transported our products, which were manufactured overseas and landed at major international ports in Japan, including Yokohama and Kobe, to our plants and customers all over the country by truck. Recently, however, the number of local ports dealing with import/export container freight has been increasing, and so we started actively using newly available container shipping routes.

[Reducing CO₂ emissions by joint transportation with other companies]

AGC Logistics Co., Ltd. as a company specializing in transportation for the AGC Group, is promoting joint transportation with other companies located near the plants of the AGC Group, in order to improve the efficiency of its domestic transportation by truck and decrease its CO₂ emissions. This joint transportation initiative, generally known as a “milk run,” enables efficient transportation by loading freight from different companies together on the same truck. For example, AGC Logistics engages in as many as 1,500 joint transportation runs per month for the AGC Group’s flat glass used for construction, among other items. In accordance with an increase in freight volume and in line with the promotion of joint transportation, large-sized trucks, rather than the 2- and 4-ton trucks mainly used for delivery in the past, are being increasingly used, resulting in reductions in CO₂ emissions.

In addition, the transportation company loads and delivers the freight of other companies after unloading the freight

Topic

Example of CO₂ Reduction Achieved through the Use of Local Ports Asahi Glass Ceramics Co., Ltd. (Japan)

Asahi Glass Ceramics Co., Ltd.(AGCC) has been reducing CO₂ emissions from its transportation activities through the use of local ports.

For example, if AGCC delivers its products from the Port of Yokohama to its customers in Tohoku and Hokushinetsu regions, the road transportation distance will be 400 to 500 kilometers, while if it uses ports in Hachinohe, Naoetsu, or Sendai, the distance will be shortened to approximately 100 kilometers. This results in a substantial reduction in transportation distance.

AGCC plans to further increase the use of local ports and transport its products in total weight of 2,500 tons via local ports in fiscal 2007.

Number of Ports Used for Transportation and Annual Reduction of CO₂ Emissions

| FY | Number of ports used | Annual reduction of CO ₂ emissions (t) |
|----------------------|----------------------|---|
| Until fiscal 2005 | 4 | (Reference value) |
| Fiscal 2006 | 7 | 29 |
| Fiscal 2007 (target) | 8 | 47 |

*Reduction of CO₂ emissions: calculated by comparing the road transportation distances between when local ports are used and not used

Action Using “Simple Pallets” to Improve Transportation Efficiency

The AGC Group has introduced a returnable steel pallet known as a “simple pallet” for the importing and transporting of flat glass.

For this repeatedly usable pallet, we received the Chairman’s Award in the Clean Japan Center’s Resource Recycling Technology and Systems Awards (for fiscal 2006) held by the Center and supported by the Ministry of Economy, Trade and Industry.

The 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 80% of the Group’s imports of sheet glass from Thailand and Indonesia to be processed in Japan. As a result, we were able to reduce our use of wood by as much

as 24,000 m³ in volume on an annual basis. In addition, empty pallets can be compactly stacked for return, resulting in higher efficiency in transportation.

We will further make improvements to our simple pallet so that it can be used for various other products.

We have developed a returnable pallet for the transportation of sheet glass, which can be repeatedly and compactly used for shipment.



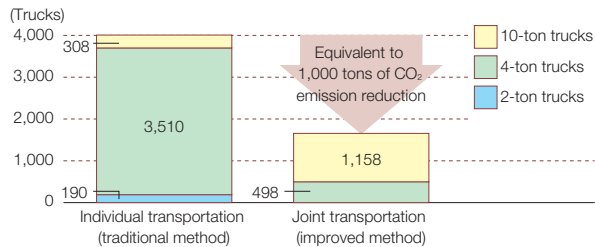
Simple pallet used for shipment (upper photo)
Empty pallets compactly stacked together for return (lower photo)

consigned by its own customers at the delivery destinations, and shares depots with other companies. AGC Logistics is thus implementing a range of measures geared towards the further rationalization of its transportation activities.

How Milk Runs (Joint Transportation Runs) Are Operated



Reduction in the Number of Trucks Achieved through Joint Transportation (Estimation)



Premises for estimating the annual number of trucks used for transportation by load capacity
 Traditional method: Number of trucks that would have been used for transportation if each company had individually transported the freight consigned by its customers during the period from January 1, 2006 to December 31, 2006
 Improved method: Number of trucks used for joint transportation during the aforementioned period

■ Cooperation with Suppliers

[Delivery of environmentally friendly products to customers]

The AGC Group has added green procurement, which means procuring environmentally friendly materials, to its procurement principle. We manufacture products using materials that meet our procurement criteria, and deliver environmentally friendly products to our customers. The AGC Group uses different types of materials in its four business segments (glass, electronics and displays, chemicals, and

others). In order to present common procurement policies to all our In-House Companies/SBUs engaged in different business segments, we established the AGC Group's Integrated Green Procurement Guideline in December 2005, and in compliance with this Guideline, each In-House Company/SBU sets its own green procurement guidelines to manage materials in a manner that is environmentally friendly and appropriate to its manufacturing process, in cooperation with its suppliers.

The Concept of the AGC Group's Green Procurement

- Not to purchase materials containing hazardous substances
- To give priority to suppliers who have established environmental management systems

[Sharing the concept of the AGC Group's CSR]

In order to increase its competitive edge, the AGC Group holds information exchange meetings, seminars, training sessions, and plant tours in cooperation with its suppliers.

In recent years, companies have been required to ensure that they fulfill their social responsibility across their entire supply chains, and in consideration of this trend, we held seminars on corporate social responsibility (CSR) in fiscal 2006. At the beginning of the seminars, the CSR consultant emphasized the importance of fulfilling CSR for the survival of companies into the future. Then participants learned what CSR means for the AGC Group in particular. We will continue to hold information exchange meetings and other events to meet the needs of the age, while pursuing deeper cooperation with our suppliers.

Objectives

- To encourage a greater number of domestic and overseas affiliates to participate in the Integrated Environmental Management System (Integrated EMS)
- To ensure the achievement of long-term targets for the environment
- To reduce greenhouse gas emissions
- To develop and popularize environmentally friendly products

Action

Measures Taken by the Research Center, Plants, and Domestic and Overseas Affiliates, Presented on the Website

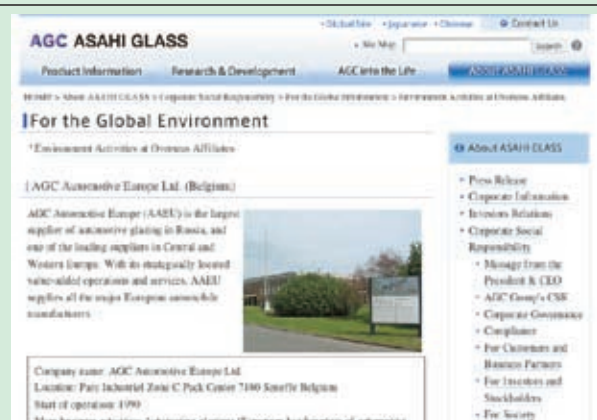
For the specific environmental measures taken by Asahi Glass's Research Center, plants, and domestic and overseas affiliates, please access the company's website. On the website, we introduce our environmental performance data, environmental and occupational health and safety measures, and our social contribution activities localized for each region and tailored for each business sector. We look forward to your visit to our website.

Domestic and overseas affiliates introduced on the website (as of June 2007)

- Domestic affiliates**
- Asahi Fiber Glass Co., Ltd., Asahi Techno Glass Corp., Asahi Glass Ceramics Co., Ltd., Ise Chemicals Corp., and Optrex Corp.
- Overseas affiliates**
- P.T. Asahimas Flat Glass, Tbk. (Indonesia), AGC Automotive Europe S.A. (Belgium), AGC Chemicals Americas, Inc. (U.S.A.) and 11 other companies

 Environmental Activities
<http://www.agc.co.jp/english/csr/environment/index.html>

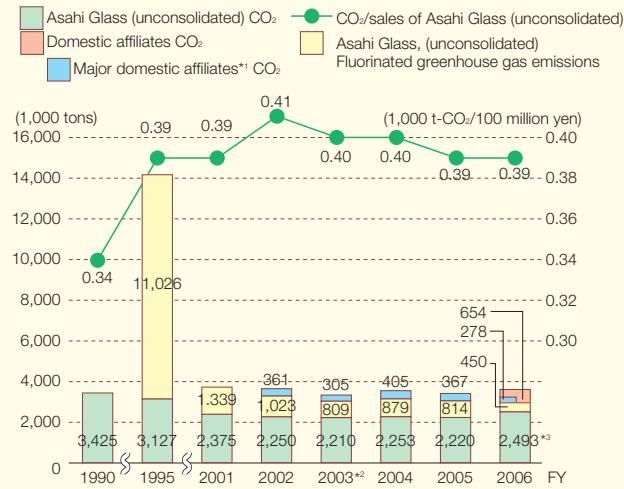
On the website, you can view the detailed measures taken by Asahi Glass's Research Center, plants, and domestic and overseas affiliates.



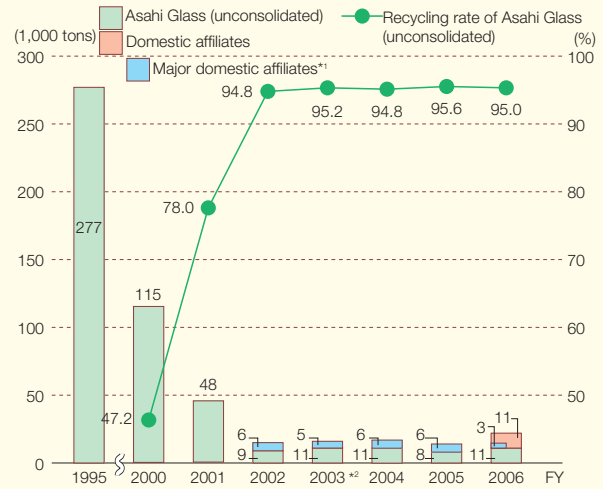
Environmental Data

In fiscal 2006, we expanded the scope of our environmental data to include all domestic affiliates.

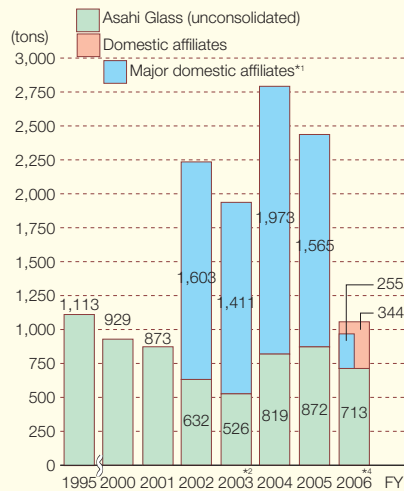
Emissions of Greenhouse Gases (including CO₂)



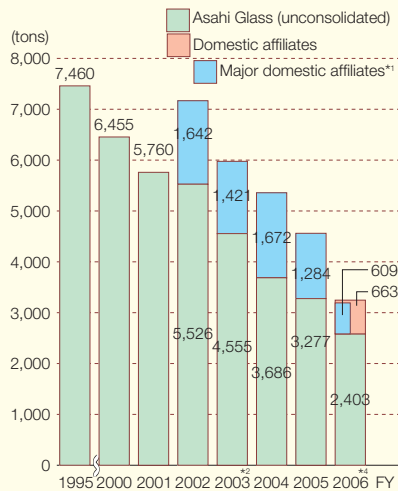
Waste Sent to Landfills and the Recycling Ratio



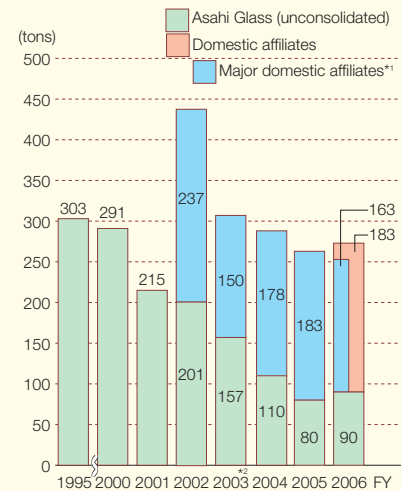
SO_x Emissions



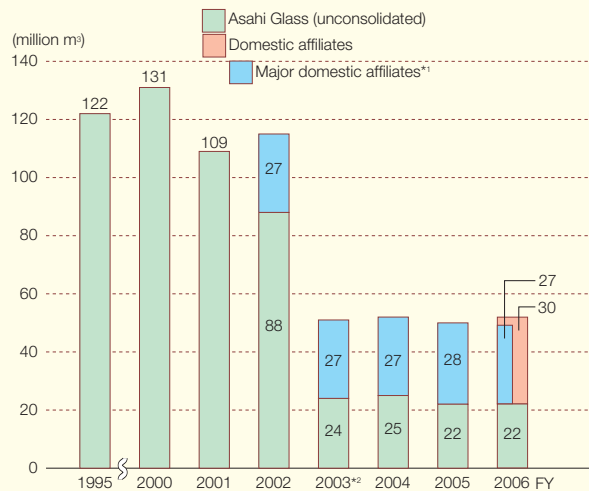
NO_x Emissions



Soot and Dust Emissions



Total Wastewater



COD Emissions*⁵



*1. Major domestic affiliates: Asahi Fiber Glass Co., Ltd., Asahi Techno Glass Corp., Asahi Glass Ceramics Co., Ltd., Ise Chemicals Corp. and Optrex Corp.
 *2. In 2003, we changed our fiscal year period, which resulted in there being only nine months in our fiscal 2003. For the fiscal year, data for the nine months are multiplied by fraction of 12/9 to achieve an annualized figure.
 *3. In fiscal 2006, we changed the CO₂ conversion factor for electricity from those indicated by individual electric power companies to the statutory factor (0.555 tons-CO₂/kWh), and this has led to a nominal increase of 10% in CO₂ emissions.
 *4. Due to withdrawal from the relevant business, emissions substantially decreased in fiscal 2006.
 *5. COD emissions include those from wastewater (untreated) to be sent to sewage treatment facilities.

Environmental Accounting

Scope of data: Asahi Glass (unconsolidated) Targeted period: January 1 to December 31, 2006

Environmental Conservation Cost

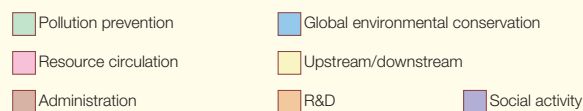
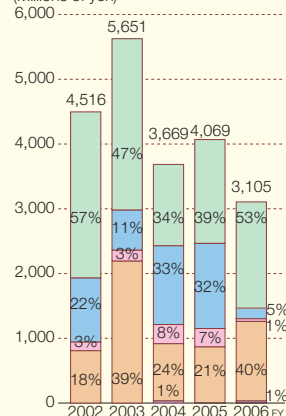
(Millions of yen)

| | | Investment | Cost |
|-------------------------------|---|------------|--------|
| (1) Business area | | 1,843 | 6,688 |
| Breakdown | (1)-1 Pollution prevention | 1,640 | 4,480 |
| | (1)-2 Global environmental conservation | 163 | 1,404 |
| | (1)-3 Resource circulation | 41 | 803 |
| (2) Upstream/downstream | | 0 | 567 |
| (3) Administration | | 0 | 447 |
| (4) R & D | | 1,227 | 4,641 |
| (5) Social activity | | 35 | 84 |
| (6) Environmental remediation | | 108 | 1,742 |
| Total | | 3,213 | 14,169 |

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

Breakdown of Environmental Investment

(Millions of yen)



Because of the method of allocating cost and investment for environmental remediation costs differs depending on the year of calculation, environmental remediation costs are excluded from the above summation. The accounting period in fiscal year 2003 is nine months, from April to December, so absolute values of either investment or cost are multiplied by 12/9 times.

Environmental Conservation Benefit

| | Change in environmental impact*6 | Simple Y-to-Y change | Sales-corrected change*7 |
|--|--|---|--------------------------|
| Total energy consumption | 1 PJ | 3% | -7% |
| CO ₂ emissions | 273,000 t-CO ₂ | 13% | 2% |
| Waste sent to landfill | 3,000 t | 31% | 19% |
| Total wastewater volume | -500,000 m ³ | -2% | -12% |
| COD emissions | -47 t | -7% | -16% |
| SOx emissions | -159 t | -18% | -26% |
| NOx emissions | -874 t | -27% | -34% |
| Soot and dust emissions | 10 t | 13% | 2% |
| Benefits corresponding to upstream/downstream cost | Recycling of product shipment packaging materials | (Actual benefits listed in the table below) | |
| | Cullet collection | 292,000 tons | |
| Other environmental conservation benefits | Benefits associated with transportation and other operations (not measured by Asahi Glass) | | |

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

*6. Change in environmental impact = (Fiscal 2006 output volume) - (fiscal 2005 output volume)

*7. Sales-corrected change = Fiscal 2006 output volume / (fiscal 2005 output volume x Y-to-Y sales ratio) - 1

Asahi Glass (unconsolidated) Y-to-Y sales ratio = (fiscal year 2006 sales) / (fiscal year 2005 sales) = 6,371 / 5,762 = 1.106

Economic Benefit Associated with Environmental Conservation (Actual Benefit)

(Millions of yen)

| Benefit | | Value | Value (FY2005) |
|----------------|---|-------|----------------|
| Revenue | Revenues from the recycling of waste generated by main business activities and the recycling of used products | 378 | 289 |
| Expense saving | Effects of energy saving | 850 | 764 |
| | Lower waste treatment costs due to resource saving and recycling | 235 | 565 |



Workplace Safety: A Precondition for Sustainable Growth in Manufacturing

Concept

Ensuring Safety and Health of Workers

Companies must give first priority to the occupational health and safety (OH&S) of employees. Accordingly, the AGC Group set forth the AGC Group Basic Occupational Health & Safety Policy in February 2001. Based on this policy, we have been implementing a range of measures to ensure the health and safety of our employees.

AGC Group Basic Occupational Health & Safety Policy (Extract)

1. Top-down communication of OH&S policies to employees
2. Detailed management of OH&S related issues on all production lines
3. Voluntary participation in OH&S activities by all employees



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

Approach

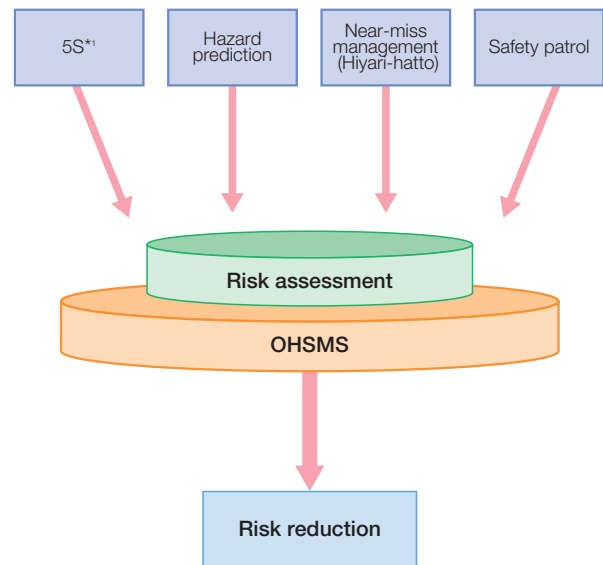
Prioritizing Safety across the Group as Corporate Culture

■ Safety Management

We must give first priority to workers' safety by all means, but we must also be aware of the fact that machines and equipment can break down and people can make mistakes. It is therefore important to identify and reduce risk factors to prevent any mishaps or occupational accidents.

The AGC Group is organizationally promoting safety management based on its Occupational Health & Safety Management System (OHSMS).

The AGC Group's Concept of Safety Management



We utilize the OHSMS to ensure the occupational health and safety of employees, and organically combine our traditional safety activities (promotion of the 5Ss, hazard prediction, near-miss management(hiyari-hatto), safety patrol, and others), assess risks, and systematically reduce the risks.

*1. The 5Ss comprise: seiri (neatness), seiton (orderliness), seiketsu (cleanliness), seisou (cleanness), and shitsuke (discipline).

Action

Holding the AGC Group Safety and Health Conference in Thailand

The AGC Group holds occupational health and safety (OH&S) conferences to share OH&S-related information globally across the Group. In 2006, we held a two-day conference at AGC Automotive (Thailand) Co., Ltd. from August 31 to September 1, 2006. A total of 52 people from 13 Group companies in Japan, Thailand, and four neighboring countries gathered together to mutually introduce their unique OH&S activities, and engaged in active discussions. Also, the conference participants reconfirmed the importance of strengthening their OH&S activities using the OHSMS as the core for the activities.

In 2007, we plan to hold the conference in P.T. Asahimas Flat Glass, Tbk. in Indonesia. We will thus strengthen cooperation on occupational health and safety across Group companies in Japan and other Asian countries, incorporating attitudes of "safety first" and "commitment to safety" into our entire corporate culture.

We promote safety activities on a global scale through the sharing and exchange of information.



Participants at the Safety and Health Conference

Global Safety Activities

The AGC Group is conducting the following activities mainly in Japan and other Asian countries to ensure global occupational safety.

Safety measures implemented in Japan and other Asian countries

1. Introducing the OHSMS and the risk assessment system*2 to a greater number of Group affiliates and operating them effectively
2. Setting the Assessment Criteria for Accident Classification of the AGC Group*3
3. Implementing safety measures across the Group companies through the sharing of occupational accident information
4. Strengthening cooperation through the organization of occupational health and safety conferences

We are globally sharing information about safety activities among Group companies, including those in Europe and North America. Using this information, each Group company is independently improving its OH&S activities on a continuous basis by putting in its own ideas and focusing on respective regional characteristics.

*2. Under the risk assessment system, we systematically identify risks associated with equipment and work processes, evaluate the risk levels, and implement safety measures, giving priority to serious risks.

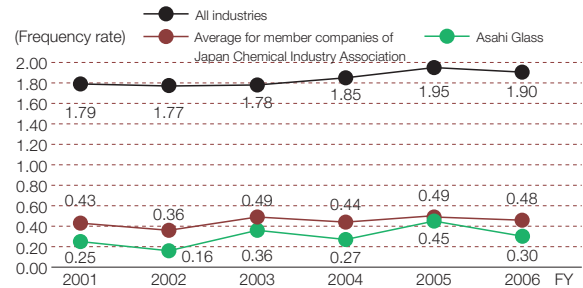
*3. The independent criteria of the AGC Group classify the seriousness of occupational accidents into "accidents requiring leave," "accidents not requiring leave," and "accidents of minor injury."

Accidents in Fiscal 2006 (For details, see the "Data" section below.)

In fiscal 2006, the AGC Group (companies in Japan and other Asian countries) experienced as many as 154 accidents, although the annual number of occupational accidents at Asahi Glass (unconsolidated) marked a decrease.

Occupational accidents are usually caused by a combination of multiple factors. It is therefore not sufficient to merely correct the "unsafe behaviors" of workers, which may constitute the direct causes of accidents: it is also necessary to implement fundamental measures, including giving insight into the background to the unsafe behaviors, and promoting inherent safety by design in equipment.

Changes in the Frequency Ratio for Accidents Requiring Leave*4 (Asahi Glass*5)



*4. Number of workers involved in accidents requiring leave per 1 million actual working hours

*5. Asahi Glass data include employees at all operating sites (including cooperating companies).

Cooperation with Suppliers

The AGC Group conducts its business in cooperation with a lot of suppliers. We cannot ensure the occupational health and safety of our employees without cooperation with these suppliers. We therefore hold safety training sessions, lectures on safety by external speakers, and tours to the plants of the AGC Group and other companies, in cooperation with the suppliers. We will further collaborate with our suppliers with a view to our mutual sustainable development.

Topic

Winning Gold Prize for Safety and Health Activities at Chiba Plant (Japan)

The Chiba Plant of Asahi Glass has received recognition for its exemplary activities for promoting health and safety. It received the Gold Prize at a national gathering of Japanese industrial health and safety managers held by the Japan Industrial Safety & Health Association in September 2006. The Plant made its employees more aware of the importance of safety activities by encouraging them to make proposals for decreasing the number of near-misses, providing all its employees, including those of its cooperating companies, with safety training, having employees experience risks using simulation equipment, and giving practical training to manufacturing managers. Through these measures, the Plant has been able to achieve zero accidents requiring leave since 1994.

Data

Occupational Accidents in Fiscal 2006

No. of Occupational Accidents in Fiscal 2006 (including cooperating companies)

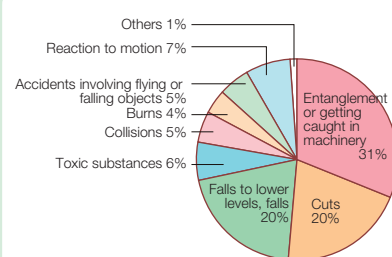
| | Asahi Glass | Domestic affiliates | Overseas affiliates in Asia | Total |
|-------------------------------|-------------|---------------------|-----------------------------|-------|
| Fatalities | 0 (0) | 0 (1) | 2 (0) | 2 |
| Accidents requiring leave | 10 (12) | 18 (10) | 41 (36) | 69 |
| Accidents not requiring leave | 13 (11) | 14 (14) | 17 (20) | 44 |
| Accidents of minor injury | 29 (41) | 10 (15) | Not counted | 39 |
| Total | 52 (64) | 42 (40) | 60 (56) | 154 |

Figures in parentheses: No. of occupational accidents in fiscal 2005

Major Factors Causing Occupational Accidents in Fiscal 2006

- Noncompliance with rules to suspend the operation of machinery or equipment while conducting certain procedures
- Lack of communication (failure to notify the start of work)
- Engineering work on equipment and facilities

Types of Occupational Accidents in Fiscal 2006 (AGC Group [Japan and other Asian countries])



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

Interview

Voice from Person in Charge of Occupational Health & Safety

All Employees Are Expected to Promote Safety at Hanwook Techno Glass Co., Ltd. (HTG) (Republic of Korea)



Woong-Soo, Kim
Assistant Manager,
Environment & Safety Section
Hanwook Techno Glass Co., Ltd.

HTG manufactures glass substrates for plasma display panels. When it started operations in 2003, it had only 70 to 80 employees, but now the number of employees has increased approximately six-fold to 480, due to the expansion of its business. Occupational accidents tend to increase as facilities are expanded and the number of

employees increases, and with this in mind, HTG has been steadily implementing basic safety measures to prevent occupational accidents, including the promotion of the 5Ss activity, hazard prediction, safety patrols, and safety management of engineering work on equipment. At HTG, of note, we make a point of having each and every employee participate in the safety activities. As an integral part of their corporate culture, employees point out unsafe behavior to each other to ensure the safety of all their colleagues, and in turn are humbly grateful for such feedback. Employees of HTG are expected to be strongly committed to workplace safety, which cannot be ensured without their own efforts.

Health Management Policy

The AGC Group set its Health Management Policy, thinking it necessary to clearly show the Group's idea of health management to employees. We have been implementing this policy since March 1, 2007.

Health Management Policy (Extract)

The AGC Group has established the following health management policy to be followed by its employees in conducting their business operations, to continuously create value for the world under the Group vision "Look Beyond."

Health consciousness

Employees represent one of the most important assets for the AGC Group, and health is one of the most important elements of the daily lives of employees.

Corporate support for employee health

The AGC Group will actively implement measures to maintain and promote the physical and mental health of its employees, thereby supporting them in driving the growth of the Group by fully displaying their individual abilities, and in striving to lead meaningful lives.

Self-discipline by employees

Employees themselves must be aware of the importance of their health, and they must maintain and promote their health through self-discipline, taking responsibility for their own health.

* We aim to initially implement this policy widely in Asahi Glass (unconsolidated), and to expand its targets in the future to include its domestic and overseas affiliates.

Mental Health Care

In recent years, the number of workers suffering from mental health problems has been increasing, and this is becoming a social concern. Accordingly, Asahi Glass has started to enhance its mental health care measures for employees. We plan to introduce a new employee assistance program in June 2007 with the aim of preventing them from having mental health problems, and to commission the implementation of the program to an outside company.

Objectives

- To introduce well-devised safety activities conducted within the Group as good examples across the Group, and promote their implementation as regular activities
- To implement safety measures for automatic machines and equipments in compliance with relevant international safety standards
- To raise the effectiveness of safety activities by organically combining traditional safety activities and conducting them under the OHSMS

Action

Preventing Occupational Accidents by Focusing on Unsafe Behavior of Employees (U.S.A.)

AGC Automotive Americas Co. is strengthening its workplace safety through the concerted efforts of all staff, including both top managers and employees under its BBS programs.

AGC Automotive Americas Co. (AAUS) has been implementing behavior-based safety (BBS) programs at its plant in Ohio since 2002. As a result, AAUS has been able to reduce the number of accidents requiring leave by 75% from the number at the time when the programs were first introduced. BBS programs represent an initiative in which employees are encouraged to observe each other's operations and mutually point out any unsafe behaviors that might lead to accidents, thereby decreasing the number of occupational accidents. At the Ohio plant, employees observed and pointed out as many as 3,700 such Each employee whose behavior is deemed to be unsafe is informed of the fact on the spot, and the analysis results of that behavior is also reported to managers, though

the name of the employee is kept anonymous.

AAUS is highly regarded by society for their BBS activities. For example, one of its customers introduced these activities at its symposium on safety, and the State of Ohio awarded two prizes to AAUS for the activities.

In order to promote safety through the concerted efforts of all employees as a part of corporate culture, AAUS is now implementing measures to transfer these activities from the Ohio plant to other plants. In addition, AAUS is helping its customers introduce BBS programs to their plants.



Team in charge of promoting BBS



Protection of Society and the AGC Group against Contingencies

Concept

Preventing Accidents

The AGC Group has been implementing measures to minimize the damage caused by accidents under the AGC Group Basic Industrial Safety & Security Policy. Specifically, we are trying to prevent contingencies (accidents and natural disasters) and to promptly and appropriately take actions in the event of their actual occurrence.



AGC Group Basic Industrial Safety & Security Policy (full text)
http://www.agc.co.jp/english/csr/environment/hoan_bousai.html

Approach

Strengthening Preventive and Responsive Measures

■ Fire Prevention

The AGC Group has been conducting industrial safety and security audits focusing on fire prevention. In fiscal 2006, we expanded the target of these audits to include our overseas affiliates and conducted a questionnaire survey on them to analyze the strong and weak points of our industrial safety and security measures. We will give feedback on the analysis results to each In-House Company/SBU, in order to further strengthen our preventive and responsive measures.

Asahi Glass makes it a rule to notify the local public fire station of any fires, including small ones, if we have to use a fire extinguisher. In fiscal 2006, we had 10 small fires and notified them to the fire stations. The fires were promptly extinguished and caused no serious damage. We, however, would like to apologize to all those concerned for any inconvenience caused by the fires. In fiscal 2007, we will

analyze the fires that took place during the past three years, and share the important analysis results in order to prevent their reoccurrence.

■ Disaster Prevention Measures

The plants of the AGC Group regularly implement evacuation drills and disaster response exercises. For example, the Aichi Plant conducts some of these activities without notifying its employees, the local police, or fire station of the details of the exercises, thereby increasing the realism of the simulation. As a result of these “more real” exercises, it was pointed out that those directing the exercises (both from the fire station and from inside the plant) took long time to report the situation and discuss necessary countermeasures. In fiscal 2007, we will further strengthen and improve our disaster response measures, including the creation of scenarios for simulation exercises, through mutual visits among plants to observe the disaster response exercises conducted at the plants.

Objectives

- To have a third party evaluate the disaster response exercises to increase their effectiveness
- Revise the manuals on earthquake countermeasures
- Make examinations to formulate a business continuity plan (BCP)

Action

Establishing CATEMAG to Ensure Local Safety and Environmental Protection (Thailand)

AGC Chemicals (Thailand) Co., Ltd. is a major chlor-alkali production base of the AGC Group, and leads other companies in the country's industry.

Committed to fulfilling its social responsibility, the company established the Chlor-Alkali Products Transportation Mutual Aid Group (CATEMAG) in 2001, inviting other companies in the industry to participate in the Group. The company was concerned about the serious potential damage to local communities and the environment in the event of accidents or leakages of chemical agents during transportation.

Since the foundation of the Group, AGC Chemicals (Thailand) has been leading other participants of the Group to improve the safety of transporting their products. The Thai

government highly appreciated CATEMAG's activities, and established the Hazardous Substances Logistics Association (HASLA), modeled on the Group. As a company that is prominent not only in its market share but also in terms of safety and environmental measures, AGC Chemicals (Thailand) has been leading the activities of the Association in cooperation with the Thai government.

CATEMAG went into action eight times in 2005 and six times in 2006.

As part of its measures to fulfill its social responsibility, AGC Chemicals (Thailand) Co., Ltd. is leading other local companies in activities to improve the safety of the transporting of chemical agents by tanker truck.

Activities conducted by CATEMAG

Establishment of a communication system for emergency mutual aid, the unification of transportation-related specifications and standards, the education of transportation staff, cooperation with relevant governmental authorities, emergency exercises, and others



CATEMAG in action



Driving Force to Maximize Corporate Value

Concept

Enabling Employees to Have More Satisfaction and Pride in Their Work

The AGC Group relies on the capabilities of its employees as a source to increase its corporate value. We can improve our corporate value by providing valuable products and services that satisfy customers, as a consequence of each employee's working with satisfaction and pride in their daily operations. The AGC Group therefore promotes the improvement of its work environment for employees as the driving force to maximize its corporate value. To this end, the Group aims to develop the capabilities of all its employees while encouraging them to have mutual respect based on the value of diversity, which is one of the four values set out in its "Look Beyond" vision.

Approach

Providing a System and Workplace Environment that Support Employees

■ ES Survey

In June 2005, as a means of improving employee job satisfaction and pride in accomplishment, the AGC Group formulated the "7 Key Principles for People," to show its direction in human resources management. In order to understand what we have to do to implement and maintain the seven key principles, the first employee satisfaction (ES) survey was conducted in July 2005 as a part of activities for

the management to communicate with employees. Targeting 15,600 employees among the approximately 57,000 employees in the Group (as of the end of December 2005), we asked the employees questions on a variety of items, including their job details, how their companies helped them to enhance their job capabilities and skills, and how their companies evaluated and treated them, in order to look into their feelings regarding their jobs.

■ ES Improvement Activities Based on the Results of the First Survey

Referring to the survey results, we have identified problems concerning ES and have been implementing appropriate measures at various organizational levels. At each workplace, which represents the smallest organizational unit, we hold "small meetings," in which all employees at the workplace participate to share the survey results and clarify the ES-related problems of their own workplace. To deal with the identified problems, the employees then implement measures to mutually increase their job satisfaction. At our plants and In-House Companies, which are larger in size, we have identified ES-related problems that exist across the organization, and have been planning and implementing measures to solve them. In addition, over the entire Group, management has set the following three objectives to improve employee job satisfaction and pride in accomplishment.

The AGC Group
"7 Key Principles for People"

• "Look Beyond"

The AGC Group requires all employees to commit our Shared Values of "Look Beyond"—Our four Shared Values: Innovation & Operational Excellence, Diversity, Environment, and Integrity

• Diversity for Organizational Competitiveness

The AGC Group builds teams of diverse people who support our four Shared Values of "Look Beyond" and have the abilities to contribute to organizational competitiveness.

• Development and Growth

The AGC Group encourages employees to grow, and provides them with opportunities for self development.

The AGC Group wishes to pursue these principles as the foundation of our "7 Key Principles for People" to maximize our performance as a truly global corporation.

• Job Satisfaction and Pride

The AGC Group encourages employees to achieve their goals so that they feel a sense of pride and satisfaction in their work.

• Work Environment and Conditions

The AGC Group provides a safe and healthy work environment.

• Open Communication

The AGC Group emphasizes open communication in the workplace to create a better organizational climate.

• Evaluation, Recognition and Rewarding Performance

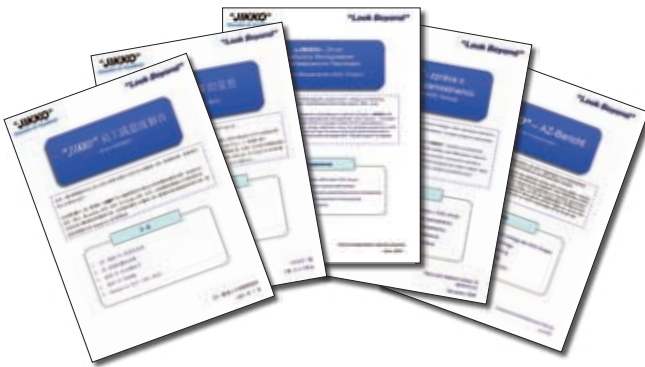
The AGC Group evaluates and recognizes employees who contribute to the organization and rewards their contributions.

Objectives set based on the first ES survey results

1. To create a better climate through recognition and praise
2. To foster communication between leaders and workers toward the achievement of their goals
3. To improve the system for group-wide internal communication

We set plans for addressing these issues in "JIKKO"-ES Report, and distributed the report, translated into local languages, to all employees participating in the ES survey.

The AGC Group's ES improvement activities will not cease. While executing the PDCA(Plan, Do, Check, Act) cycle of ES thoroughly in the group, we aim to create a better organization in which employees recognize each other's efforts and feel a sense of pride and satisfaction in their work.



"JIKKO"-ES Report in simplified Chinese, Korean, Russian, Czech, and German (from left to right)
 In addition, we translated the document into Japanese, traditional Chinese, Thai, Indonesian, English, French, and Italian (12 languages in total) in order to give feedback to employees.

■ Commendation to Employees

The AGC Group, in order to create a better organizational climate in which employee's achievements enjoy mutual recognition and commendation, is giving the following awards to employees: the AGC Group CEO Awards; the AGC Group Excellent Plant Awards; and ASAHI "JIKKO" Awards. Among the activities conducted and achievements made in Japan, other Asian countries, Europe, and North America in fiscal 2006, the Group commended a total of some 130 in April and May 2007.

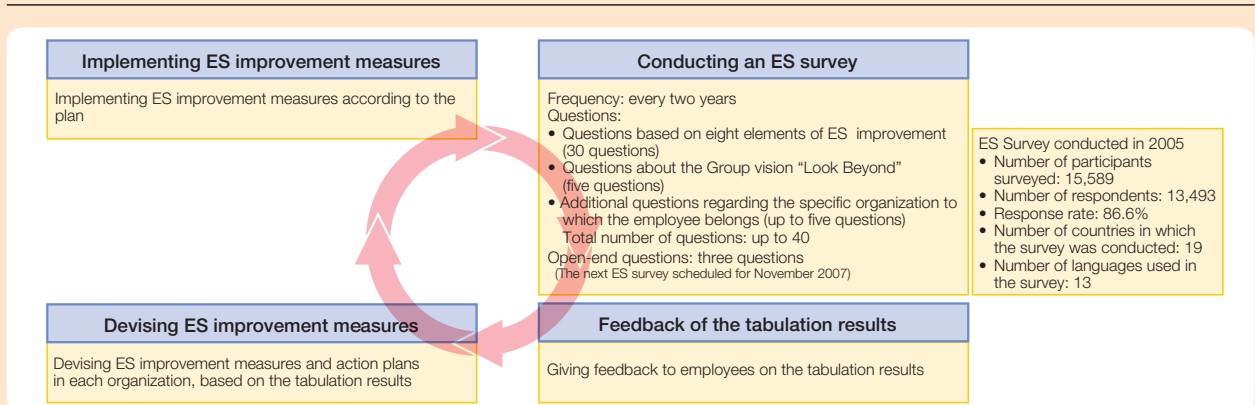


Commendation ceremony

Action

Flow of ES Improvement Activities

The AGC Group is steadily implementing its ES improvement activities.



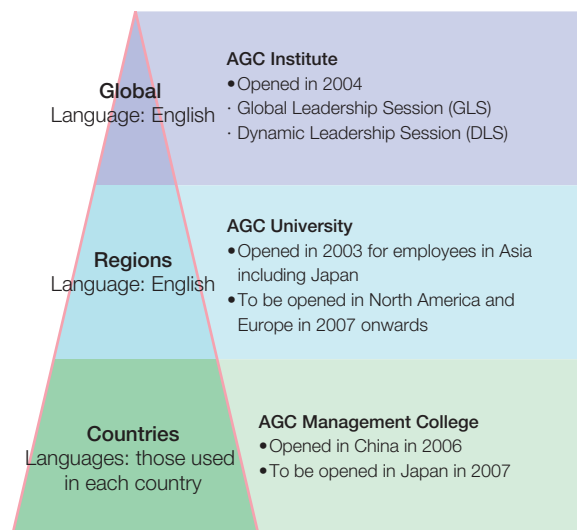
Employee Satisfaction (ES): Employee Job Satisfaction and Pride in Accomplishment

Global Human Resources Management

The AGC Group is fostering next-generation leaders as the basis for the Group to constantly strengthen its competitiveness for the global development of its business.

Specifically, as shown in the following figure, we are holding the Dynamic Leadership Session for middle-class managers as a means to develop them into global leaders. Also, we are implementing a variety of human resources development programs in each region and country. Based on the global infrastructure of human resources developed through these measures, we will optimize the allocation and use of employees throughout the entire Group.

Management Talent Development Programs



Asahi Glass Human Resources Management (HRM) System

Asahi Glass treats employees in a fair manner 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.

In order to achieve this under our HRM system, we make it a rule to clarify employees' roles, functions, and responsibilities; to utilize capable employees regardless of their age, length of service, and gender, and evaluate them fairly. To ensure this, we have introduced the following two human resources management systems.

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

An HRM system focusing on the functional roles and responsibilities of managers, which is linked with the activities of each business and organization toward the accomplishment of their business goals, and is designed to keep a good balance between the level of responsibility managers are required to assume and their treatment by the company, thereby strengthening the competitiveness of the entire company.

This system is scheduled to be implemented in Asahi Glass's major affiliates in Japan and overseas.

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

Career courses to which compensation and evaluation systems are applied based on their features

Promoting the Employment and Promotion Prospects of Female Workers

At Asahi Glass, the number of female non-managerial staff (excluding those temporarily dispatched to other organizations) is 458, accounting for approximately 11% of all non-managerial staff. The number of female managers is 55, seven more than the previous year, and accounts for approximately 3% of all managers. We will continue to promote the employment and promotion of female workers to increase Diversity under our Group vision and to retain and utilize diverse human resources.

Action Dynamic Leadership Session to Nurture Next-Generation Management Talent

The AGC Group's Dynamic Leadership Session (DLS) is a program designed to foster next-generation global leaders, under which middle managers mainly learn the Group's unique leadership style and its values. In the second DLS held in 2005, 27 managers participated from various businesses and countries. During the session period extending over approximately five months, participants identified management issues by group work, discovered solutions to the issues, and gave presentations to the Group's top management, while concurrently performing their daily tasks.

Those completing the program gave comments like, "I was able to learn the importance of thinking globally," or "I was surprised to know that the AGC Group has staff with a wide range of technologies and capabilities." They were thus able to reconfirm the role of diversity as the driving force of the AGC Group. We will continue to promote the development of management talent on a global scale into the future.

We are fostering next-generation management talent to steer the AGC Group into the future from a global viewpoint.



DLS

■ Employment of Retirees

Asahi Glass traditionally reemploys those who have retired from the company at the retirement age of 60 if they are necessary for the company because of their advanced skills and expertise, and based on the necessity of making up for the lack of human resources. In addition, following the revision of the Law concerning the Stabilization of Employment of Older Persons in April 2006, we have introduced for non-managers a system to continuously employ those who meet the personnel criteria for employment after the retirement age, as set forth in the labor-management agreement.

In the future, there will be change in, and diversification of, employees' ways of thinking and values, and there will be greater need for those who can pass down technology and skill at the workplace. Also, the social need for the employment of the elderly will increase due to the raising of the pension age and other reasons. In consideration of these changes, we will actively examine measures to provide those aged 60 or older with a wider range of job opportunities.

■ Employment of People with Disabilities

Asahi Glass, from the viewpoint of Diversity, has been implementing measures to increase its employment of people with disabilities. As of the end of December 2006, our employment rate of people with disabilities was 1.54%, up 0.03% from the previous year, but it was unfortunately below the rate designated by law (1.8%). We will continue to make efforts to raise the employment rate by employing more people with disabilities at our business sites and at our special subsidiary AGC Sunsmile, Inc., while fostering cooperation with relevant organizations, including local employment agencies.

Employment rate of People with Disabilities

| FY | Number of people with disabilities (actual number) | Employment rate |
|------|--|-----------------|
| 2002 | 91 | 1.67% |
| 2003 | 82 | 1.64% |
| 2004 | 87 | 1.60% |
| 2005 | 82 | 1.51% |
| 2006 | 83 | 1.54% |

■ Work and 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 for employees, and implementing measures to help employees keep a good balance between their work and private lives.

By providing employees with better conditions than legally required under our childcare leave and shortened working-hour systems, we support employees in performing their jobs in a manner compatible with their child-raising duties.

In addition, in June 2007, we will start more active support measures to replace the conventional systems.

Supporting employees in balancing their work and childcare duties

In the past: Providing them with better conditions than legally required under the support systems

- Childcare leave available regardless of the working status of the spouse
- Shortened working-hour systems (up to 2.5 hours shorter than full-time daily working hours)
- Flexible working hours without fixed "core working hours"
- Support for the use of facilities and services for children under the selective benefits package system
- A system in which employees, as a general rule, assume the same job after returning from leave

In and after June 2007: Implementation of more active support systems (planned)

- Extension of the childcare leave period (one-and-a-half years, or until the end of the April immediately following the child's first birthday, whichever is longer)
- Extension of the shortened working-hour system for childcare (until the child completes the third grade education at elementary school), and the availability of this system on a multiple basis
- Capping of the number of overtime and holiday working hours (it is possible to limit the number of hours to zero)
- Introduction of short-term childcare leave
- Introduction of a registration system for retirees
- In addition, we will: form a management culture that encourages and supports employees in using the above systems; improve the workplace and organizational culture to promote the use of these systems through special brochures and introduction of systems on the website; hold relevant training sessions for managers; and strengthen cooperation between those in charge of general and personnel affairs and others working in the company.

Action AGC Sunsmile, Inc. (Japan)

In 2002, Asahi Glass established AGC Sunsmile, Inc. as its special subsidiary, to expand the employment of people with disabilities from the viewpoint of Diversity. Since its foundation, AGC Sunsmile has been cooperating with Asahi Glass's head office and local employment support centers located in Kanagawa Prefecture as well to ensure a comfortable working environment for enthusiastic employees. At present, a total of 18 employees of the company are engaged mainly in cleaning at Asahi Glass's Keihin Plant, the Monozukuri Training Center, and the Research Center. The employment rate of people with disabilities is below the statutory rate of 1.8% at Asahi Glass, and to raise the rate, we will continuously expand the jobs and staff of the company.



"I wipe the windowpanes one by one, taking care not to get my fingerprints on them."
(Advanced Technology Development Center in Keihin Plant)



"Although it was hard for me to clean the wide floor space alone at the beginning, now I am accustomed to it."
(Advanced Technology Development Center in Keihin Plant)

Employees of AGC Sunsmile are working for Asahi Glass's company dormitory, the Keihin Plant, Monozukuri Training Center, and Research Center.

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

Work and Life Balance (Continued)

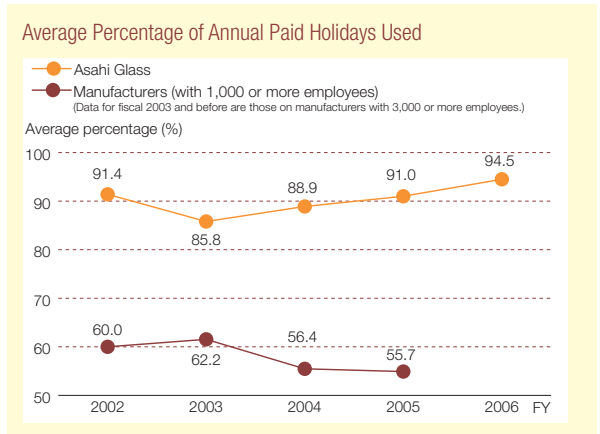
We are also actively supporting employees in working and caring for their family members in a compatible manner.

Support for compatibility of work and family care

- A system under which employees can take family care leave for up to one year per family member who needs to be cared for, and up to twice for the same family member, as required
- Flexible working hours without fixed "core working hours"

We are also encouraging employees to take annual paid holidays, and in fiscal 2006, the percentage of holidays used came to approximately 94.5% (average for the members of the labor union), up 3.5% from the previous year.

In addition, labor and management are cooperating to promote a good balance between their work and private lives, and to prevent any damage to health caused by excessive work. For example, to manage the number of working hours and keep them at an appropriate level, the number of hours during which each employee stays at the company is checked by the use of ID cards.



Human Resources Development

For the AGC Group to promote its In-House Company system and global management system, a diversity of talented staff are required, including leaders in charge of global management, engineers who strengthen and pass down

technologies and skills, and high-level professionals who take the lead in launching new businesses and other projects. In the development of these various human resources, it is necessary for the AGC Group to set and implement the same objectives across the Group, and so in 2006, we launched a new human resources development (HRD) system, which may also be used by our domestic consolidated subsidiaries.

Key Points for the New HRD System

In view of the managerial tasks we are facing and our management policies, we are attributing importance to the following items as priority issues in capacity building: (1)development of human resources having managerial capabilities;(2)development of employees having technological know-how and skills; (3)development of specialists; and (4)stratified employee training. Also, as a new trial, we have introduced a system to provide employees with training on a specific subject of their selection in order to educate each employee in a planned manner according to their degree of development. We will use this system in combination with on-the-job training (OJT)*1 and various other training seminars, to help employees along their career path.

*1. On-the-job training (OJT): Training conducted in the workplace so that employees can acquire the knowledge and expertise needed for their jobs

Priority Tasks to be Performed under the New HRD System

Development of human resources having managerial capabilities

To develop highly capable business management personnel who will lead the consolidated business group based on the global In-House Company system

Development of employees having technologies and skills

To develop engineers who can strengthen and pass down Operational and skills for new value creation and higher competitiveness

Development of specialists

To develop specialists who take charge of Innovation & Operational Excellence in financial accounting, legal and general affairs, logistics, and sales and marketing

Stratified employee training

To educate employees on capabilities, knowledge, and values commonly required for their job grades

Data

Employment-Related Data of Asahi Glass

Number of Employees (as of December 31, 2006, excluding those dispatched to other organizations)

| Classification | Male | Female | Total | Percentage of females | |
|----------------|------------|--------|-------|-----------------------|-----|
| Managers | 1,679 | 55 | 1,734 | 3% | |
| Non-managers | E Course*2 | 578 | 65 | 643 | 10% |
| | S Course*3 | 3,074 | 31 | 3,105 | 1% |
| | C Course*4 | 12 | 362 | 374 | 97% |
| | Subtotal | 3,664 | 458 | 4,122 | 11% |
| Total | 5,343 | 513 | 5,856 | 9% | |

*2. Expert Course: taken by employees who will promote business strategies and implement enhancement measures for their departments as key persons

*3. Skill Course: taken by employees who will contribute to smooth productive activities by acquiring, improving, and handing down productive techniques and skills

*4. Clerk Course: taken by employees who will execute business operations accurately and quickly

Employees Taking Childcare/Family Care Leaves

| FY | No. of employees who took childcare leave | No. of employees who took family care leave |
|------|---|---|
| 2002 | 35*5 | 1 |
| 2003 | 31 | 1 |
| 2004 | 40 | 1 |
| 2005 | 29 | 1 |
| 2006 | 30 | 3 |

*5. Of which one employee was male

Other Employment Data

| | Male | Female | Total |
|--------------------------------|---|-----------------------|-----------------------|
| Average age | 42.2 | 36.8 | 41.8 |
| Average length of service | 19 years and 7 months | 12 years and 7 months | 18 years and 7 months |
| Average overtime working hours | 20.2 hours/month (average for the members of the labor union) | | |

■ Career Development

Asahi Glass has in place the Challenging Career System. 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 serves as a further stimulus to our organization.

Also, we have the Professional System and the Meister System to ensure the proper use and evaluation of those having advanced technologies and skills.

Challenging Career System

- An in-house voluntary recruitment system, under which employees respond to job offers publicly given by in-house departments once a month
- An in-house “free agent” system, under which employees register the jobs that they want to perform at departments other than their own, and undergo screening individually according to their details of registration

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

Meister System

- A system under which engineers having extremely high skills and knowledge are used as highly skilled engineers, and evaluated and treated appropriately

■ Labor-Management Relations

In 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 standing council on the entire business management at least twice a year.

■ Protection of Human Rights and Prevention of Sexual Harassment

The AGC Group, based on its principles under “Respect for People” set forth in its Charter of Corporate Behavior, is committed to respecting human rights, rejecting discrimination, forced labor and child labor, and never being involved in the violation of human rights. Also, employees are enlightened concerning this matter when senior executives visit their business sites or auditors conduct audits there.

Regarding respect for human rights and the prohibition of discrimination, Asahi Glass explicitly states these policies in its Code of Conduct and employee regulations, and ensures that all employees abide by them as part of their basic responsibility, through such measures as giving them relevant training. Also, we have a special section for human rights protection and the promotion of the establishment of sound and fair work environments that are free from discrimination. We have set rules on protection from sexual harassment, and offer both internal and external contacts whom employees, in the event that they are victims of sexual harassment, can consult with ease of mind. Reported cases are treated through the retraining of transgressors combined with an emphasis on reforming the consciousness of the workplace.

Objectives

- To establish the foundation of the global human resources management system
- To examine a variety of employment measures in consideration of business and social needs
- To improve human resources development measures implemented by domestic consolidated subsidiaries

Data

Glaverbel Salerno (Italy) Acquires SA8000 Certification

In May 2006, Glaverbel Salerno acquired SA8000 certification. This international standard is designed to encourage the establishment of management systems to eliminate child labor, forced labor, low-wage labor, disciplinary practices, long working hours, and employment discrimination; to ensure health and safety, and freedom of association and right to collective bargaining for workers; and to build favorable working environments.

For a company to acquire SA8000 certification, it is necessary to undergo strict audits by a certification body and meet all the criteria. SA8000 certification is regarded as a useful tool for a company to raise its social reliability. Glaverbel Salerno also believes that the acquisition of this certification will contribute to the promotion of a favorable workplace environment for its employees. At present, Glaverbel's other Italian plants are also working toward earning the SA8000 certification.

Glaverbel Salerno acquired SA8000 certification ahead of other Italian plants of the company.



Glaverbel Salerno's ethical-compliance committee



Stakeholder Dialogue

To further unify the AGC Group by overcoming the cultural boundaries existing among its employees, it is necessary to disseminate the Group vision **“Look Beyond”** and the four shared values further into the Group, while respecting the cultural diversity of the Group. To this end, what should we do?

At the Stakeholder Dialogue held on April 10, 2007, employees of the Group and its external stakeholders held discussions focusing on the theme of “Diversity—Cross-Cultural Communication.”

• Guest participants

| | |
|---------------------------|--|
| • Professor Teruyuki Kume | Rikkyo Graduate School of Intercultural Communication |
| • Mr. Toru Tsukushi | Chief Researcher, Planning and Survey Office, SC Division, General Press Corp. |
| • Ms. Kimiko Horii | President, NPO GEWEL |
| • Mr. Tatsuya Matsunaga | VP and Industrial Sector Leader, Global Business Services, IBM Japan Ltd. |

• Participants from the AGC Group

| | |
|--------------------|--|
| • Eunice MW Chang | Flat Glass Company |
| • Razmik Balian | Automotive Glass Company |
| • Shigeki Hiraoka | Chemicals Company |
| • Yasutoshi Hirata | Senior Executive Officer, General Manager of Group Human Resource Planning |
| • Akio Endo | Senior Executive Officer, General Manager of Environmental & Social Responsibility |

Respecting Diversity for Mutual Understanding

Diversity Comprises the 6.5 billion Inhabitants of the Earth

Mr.Endo:The AGC Group set its Group vision “Look Beyond” and four values to be shared by all its employees in 2002. Diversity is one of the four shared values. For the Group to become a truly global excellent companies, it is necessary to further unify the Group, and in so doing, we have faced the problem of “how to promote communication among employees from diverse backgrounds.” In addition, we had to think about which processes and measures are really necessary to promote diversity in such a way as to add value to our Group.

At present, overseas production accounts for more than half of the total sales of the AGC Group, and we are sending a substantial number of employees overseas, while many are coming to Japan from our overseas sites. Under these circumstances, recognizing the need for us to encourage inter-group communication and openness beyond cultural barriers, and manage and educate our human resources beyond national and regional boundaries, we are formulating

and implementing relevant measures across the world. In light of this, we have chosen “Diversity,” in particular, cross-cultural communication, as the theme for today.

Mr.Hirata: The AGC Group introduced the In-House Company system in 2002, and replaced the traditional management system with a global management system based on its In-House Companies. At that time, non-Japanese nationals were appointed as the presidents of the Flat Glass Company and the Automotive Glass Company. I think their appointment marked the start of a transformation of our corporate culture. At present, the AGC Group has a total of 54,000 employees, of which approximately 30% are working in Japan, with the remaining employees working in Europe, the United States, and Asia.

Professor Kume: As for cross-cultural communication at workplaces, I think it is rather natural for employees to have difficulties in communication. Cultures have histories, and you cannot easily change your culture in line with the



globalization of your company. If you think people are all the same, many small differences will stand out, but if you think that it's quite natural for people to be different, you will be pleasantly surprised to find some common points among them. I therefore believe that it's important to communicate with others, seeing people as both the same and different.

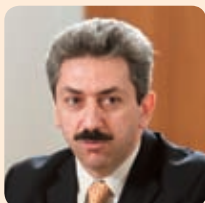
Ms.Horii: The Japanese translation for diversity is *tayosei*, a word which tends to emphasize differences. However, as Professor Kume pointed out, it is a fundamental rule of ensuring diversity to try to understand others by identifying the similarities and differences between them and yourself. Diversity involves individuals, and thus comprises all the 6.5 billion people on the Earth. It is therefore a difficult matter to promote unification while respecting diversity.



Mr.Tsukushi: As a basic premise, we need to understand that communication is difficult and people differ naturally. I wonder if foreign nationals working for Asahi Glass, a company based in Japan, have some sense of discomfort, whether due

to finding large differences or not being able to understand Japanese ways of doing things. What do you think about this, Mr. Balian?

Mr.Balian: I was transferred to Japan about five years ago, and although it was challenging for me to be in a different environment, I have finally come to the point where I find there is nothing particularly unique about Japan. In my experience, in order to accept any different culture, I believe it is important to understand why things are done in such a way. If you simply focus on copying how things are done, and you persevere without understanding why, that can be very frustrating. However, once you come to understand why it is done differently, then it becomes much easier to accept. It takes time to understand different cultures, and there are some things you can only understand if you live in that country.



Mr.Hiraoka: I worked in the United Kingdom for five years, until 2005. When I communicated with local employees, I first of all tried to accept them "as they are." I recognized that to work with people with different principles, opinions, and ideas, it

is important to discuss "why" with them, and make them understand my reasons. Nothing can start without doing this. I felt that they would understand me if I faced them with passion and honesty, and I sometimes feel the same way in Japan, after having returned from the United Kingdom. Diversity is therefore not something limited to international understanding.

Face-to-Face Communication Is a Key Point to Share and Disseminate Policies across the Group with a View to Further Unification

Ms.Horii: For the AGC Group to make progress toward the common goals with its versatile employees, I think it is remarkable that the Group has shown its "Values" in its Group vision "Look Beyond." Therefore it is particularly important that more employees feel sympathy with the values. To this end, I think it is necessary for employees to be able to empathize with the values on an emotional level as well, or to ensure that employees' own values and the corporate vision have something in common, so that employees enthusiastically think, "I want to contribute to the company in this field," where their own values match the corporate vision. Asahi Glass has published its CSR Book and in-house magazine both in Japanese and English, and distributes them to all its employees as tools for disseminating its vision across the Group, and senior executives visit the company's sites to directly talk with employees there, which I think is great.



Ms.Chang: When I was working in our office in Shanghai, I was engaged in the translation of the "Look Beyond" Q&A Book into Chinese. I had a hard time figuring out how to translate the English message "Look Beyond" into Chinese, and whether *tayosei* written

in kanji could be understandable as it is, in Chinese and if it was not understandable, how I should translate it into Chinese. In this process, I attributed importance to communication with those at the head office. I asked their opinions and listened to them repeatedly, until I was able to understand the Group vision myself. I then translated it into Chinese and asked translators to proof-read my translation. This experience taught me the importance of communication.

Mr.Balian: The thoughts and words of management are not always easily understood at workplaces. It is therefore important to promote communication, and communication should be in both directions. When the In-House Company system has started, there were a lot of discussions, challenges, agreements and disagreements in the Automotive Glass Company, but we came up with a new approach called the Asahi Way. After the benchmarking of best practices throughout the world and the standardizing based on the Asahi Way, we can now see a significant breakthrough for communication among us. Also, AGC Today, our in-house magazine in both Japanese and English, is a great success in that it has contributed to the global unification of the AGC Group.

Professor Kume: Communication media include paper and e-mail, but in disseminating our policies and vision across the Group on a global scale, face-to-face communication is the most important, I believe. Communication should be in both directions. We must not spare any efforts if we really want to promote direct communication, and it should be promoted comprehensively across the Group.

Mr.Hirata: We have changed our commendation system this year. In order for all employees to incorporate the four shared values set under the Group vision "Look Beyond" into their

daily operations, it would be helpful to show them specific examples, and so we have started to solicit employees based all over the world to introduce the activities they are conducting to implement the four shared values. We thus collect a lot of good examples, assign them commendations, and summarize them in a brochure, so that employees can share the good examples on a global level. I expect that this will help employees understand the Group's values more deeply, which will provide the basis for smooth communication among them.



Mr. Matsunaga: At IBM, we uphold "IBMers Value" as values to be shared by our employees. Besides translating the values into dozens of different languages, in order to implement these values, we held discussions in our countries of operation regarding

ideas for their implementation. We voted on what should be done or changed in order to implement the values, and reached an intriguing conclusion: the item that topped the list was not pay or the personnel system, but the "need for better bosses." Accordingly, IBM has introduced a system across the world for subordinates to evaluate their bosses. Furthermore, in Japan, in addition to the implementation of this system, a face-to-face collective training session was held under the theme of "being considerate to others", targeting approximately 1,800 managers. I think both changes in the system and approaches on the emotional level are necessary for implementing our values.

Mr. Tsukushi: I also believe it is important for employees to share good methods across the world, regardless of their nationalities.

On the other hand, however, it is also important to give consideration to situations unique to the region and country.

Diversity as Global Human Resources Strategy

Mr. Matsunaga: At IBM, diversity is regarded as a "strategy." When we started implementing activities to promote diversity, we mainly focused on the idea of giving equal opportunity to all employees, but now, we regard the diversity of human resources as the source for new and innovative ideas. It is, however, difficult to theoretically prove the cause-and-effect relationship between these elements. So, it is more important to believe in the importance of diversity.

Ms. Horii: From the viewpoint of human resources strategy, I think the purpose of promoting diversity is to become a company that is selected by excellent and talented individuals. The AGC Group includes Diversity in its shared values, which is rare for a Japanese company. Mr. Balian said that he takes pride in the AGC brand, and I think it is wonderful. I hope that the Group will highlight this point more to the public to further increase their brand power. I also recommend that the management of the Group clarify and communicate to the public why diversity is important in its management strategy, or in the framework of its global human resources strategy. I expect that the Group will establish a corporate culture that

respects individual ideas and cherishes individuals even more in the future.

Mr. Matsunaga: In participating in today's discussion, I strongly felt that both IBM and the AGC Group need to become globally integrated enterprises. To achieve this, it is necessary for us to have a global management system that ensures transparency in its business. Based on such a system, we will globally allocate human resources to the right places. For the global allocation of the right people to the right positions, it is essential to have diverse human resources. In order for a company to promote diversity, there must be a system to support this, I believe.

Conclusion

Making Further Efforts to Improve Communication

Mr. Hirata: I would like to thank you all for your invaluable opinions.

In accordance with the rapid globalization of our customers, we have to conduct our business on a global scale to survive in the market. We are now operating in 23 countries, and we do have excellent human resources all over the world. For the AGC Group to further develop as a global excellent enterprise, it is necessary to build a mechanism and management system to encourage employees to share values and actively participate in activities to increase the corporate value of the Group.

The keyword is "communication," which was frequently mentioned in today's discussion. We have to activate communication within the Group and create a corporate culture that allows employees to say what they want to say, while respecting the opinions of others. We are still only half way there, and will press ahead with this in the future.



Mr. Endo: Thank you for sharing your comments with us.

I recognized once again through today's discussion that it is indispensable for us to do the following. First, we must share our corporate philosophy through communication. Second, we need to develop and treat global human resources based on diversity, thereby increasing employee job satisfaction and pride in accomplishment, which is a means of increasing our corporate value, for our sustainable growth. Now I am confident that we are moving in the right direction.

After we set our Group vision "Look Beyond," we initially had difficulty in making employees aware of the vision, but during the past two years, we have been able to achieve tangible results. We must not spare our efforts and must confront our challenges squarely. There are no shortcuts. We will continue to pursue our Group vision "Look Beyond," in order to be a corporate group that is trusted by society and welcomed in its continued growth.



Higher Corporate Ethics to Enhance Trust from Society

Concept

Enhancing Trust through Fair Corporate Activities

The AGC Group includes Integrity in the four shared values set under its Group vision “Look Beyond.” In order to ensure compliance as the basis for integrity, we have been implementing a variety of programs using our Code of Conduct, Compliance Help Line, and Compliance Certificate as the three pillars for compliance, and these programs are led mainly by the Japan/Asia Compliance Committee, the European Compliance Committee, and the North American Compliance Committee. Also, the departments in charge of audits in the three regions of Japan/Asia, Europe, and North America, conduct compliance audits targeting the relevant In-House Companies, SBUs, and affiliates, while improving their compliance programs.

We will steadily conduct these activities in order to enhance trust from society at large.

Approach

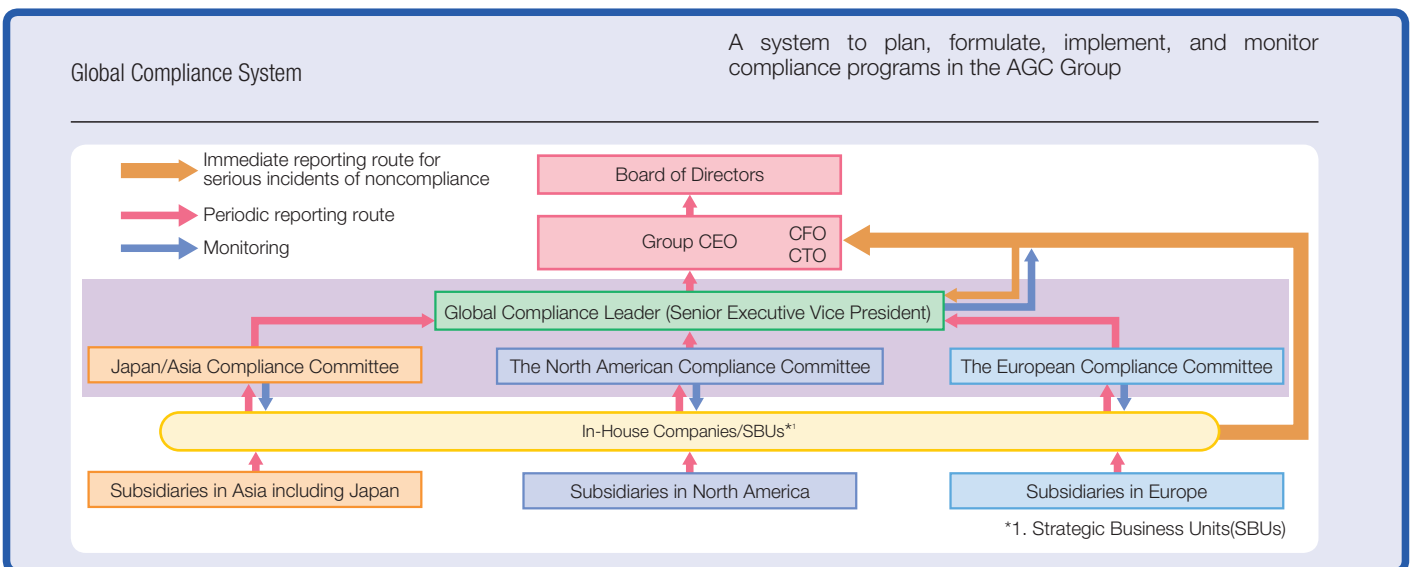
Promoting Compliance across the Group

Global Compliance System

In order to make all employees of the AGC Group aware of the importance of compliance, we are implementing compliance programs under the global compliance system as shown in the figure below.

In case of serious noncompliance, the fact will be promptly reported to management through the compliance reporting system, and countermeasures will be immediately implemented.

Furthermore, under the system, we periodically collect compliance-related information through the periodic reporting route, incorporate the results in our compliance measures, and use them in our compliance monitoring activities. The compliance-related information collected through the route will be reported to the Board of Directors and shared by the In-House Companies/SBUs, to be incorporated in their departmental measures.



Global Legal Management System

In addition to the global compliance system, we established the global legal management system in January 2006. Upon the launch of this system, the Group General Counsel (GM, Legal Div. of AGC) and Regional General Counsels (GM, Legal Div. of the regional headquarters in Europe and North America) were appointed, and subsequently, in June 2006, a monthly system of reporting to management, with a focus on dispute and litigation matters, was introduced. This "global legal management system," which is designed for the prompt identification and treatment of critical disputes and litigations occurring globally across the AGC Group, aims to reduce comprehensive legal risks and to improve the internal controls of the whole AGC Group, by the effective collection of the dispute and litigation related information by, and its concentration within, the Group General Counsel, who then reports to management as appropriate; as well as by close cooperation with Regional General Counsels and related business and functional departments. Under this system, as in the case of compliance, we constantly monitor how legal issues are dealt with in the Japan/Asia, Europe, and North America regions, and make regular reports to the Board of Directors on the circumstances and progress of the disputes and litigations we face, with the inclusion of region-specific perspectives.

Code of Conduct

The AGC Group's Code of Conduct stipulates the behavioral rules that employees should follow from the viewpoint of Integrity and compliance.

Based on this Code of Conduct, each domestic and overseas affiliate has set its own code of conduct.

In order to ensure that employees comply with this Code of Conduct, we give e-learning opportunities and stratified training to employees, and hold seminar tours.

Activities in and after 2006

The members of the secretariats of the Japan/Asia European, and North American Compliance Committees started jointly creating a code of conduct to be shared across the entire AGC Group.

Compliance Certificate

Asahi Glass introduced the compliance certificate program to encourage employees to read the Code of Conduct again at least once a year, and review their operations and workplaces from the viewpoint of compliance.

We will further increase the number of employees required to submit the certificate.

Progress regarding the compliance certificate program in fiscal 2006

- The roster was expanded to all Asahi Glass employees, including part-timers and irregular employees.
- We have introduced the compliance certificate program on a global scale. As of fiscal 2006, the number of employees on the roster was approximately 23,000, which accounts for 42% of all the employees of the AGC Group.

Compliance Help Line

Asahi Glass's Compliance Help Line serves as a contact point allowing employees to ask questions and make inquiries regarding compliance-related issues. In addition to the in-house Help Line, we have commissioned an external company to operate a Help Line that employees can feel free to consult concerning their worries. The confidentiality of those contacting the Help Lines is strictly maintained, and it is ensured that employees suffer no harm or retaliation from having consulted the Help Lines.

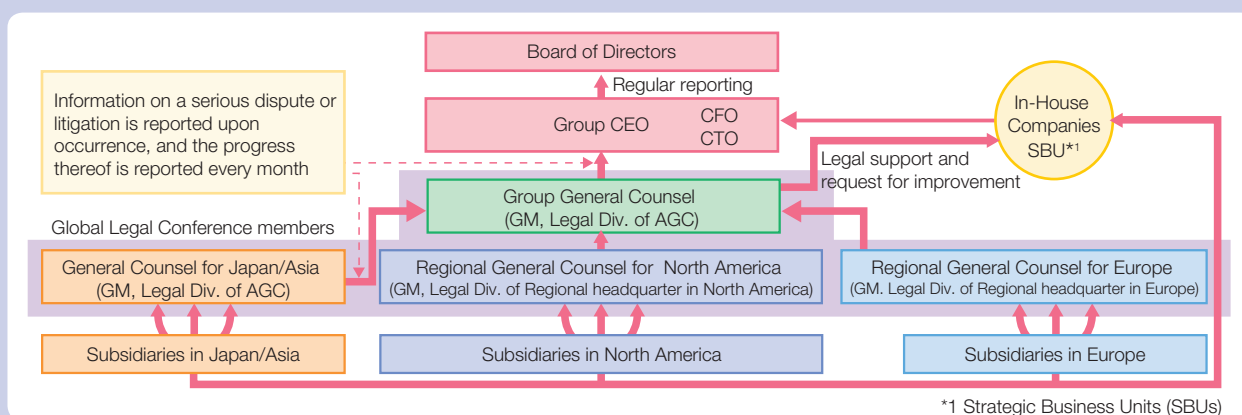
We will continue to increase awareness of the existence of the Help Lines among employees, and encourage them to take greater advantage of these services.

Use of the Help Lines in fiscal 2006

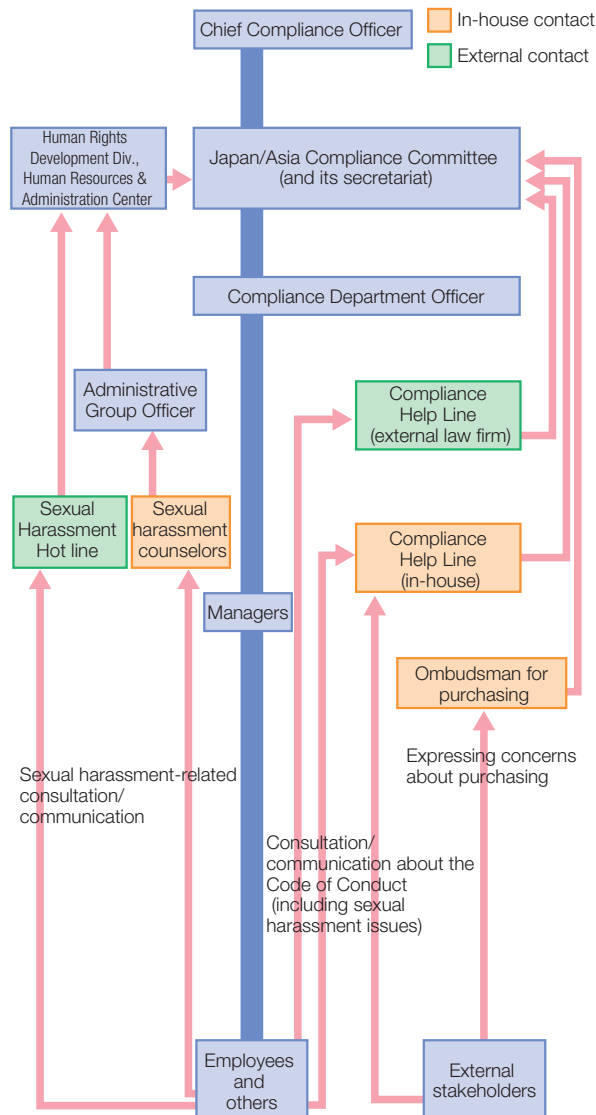
- The number of consultations Asahi Glass's Help Lines provided was 55.
- On a global scale, the regional compliance committees and each affiliate have their own help lines, and we received a total of 278 inquiries and requests for consultation over the entire AGC Group.

Global Legal Management System

A system to promptly identify and report disputes and litigations occurring across the AGC Group on a global basis, and to reduce legal risks thereby



Helpline Reporting Route (Asahi Glass)



* To employees who consulted with the contacts under their own names, the progress and results will be fed back.

Information Security

In order to maintain information security at a level suitable for a global excellent company, Asahi Glass formulated the Information Security Policy and Standard in 2001. Based on this policy, which describes Asahi Glass's basic concept regarding information security measures, we manage confidential information. We are implementing Asahi Glass's Information Security Policy and Standard and other measures across the AGC Group, thereby improving our information management level.

The AGC Group's trade secrets are precious property for the Group, and in the event that they are leaked or disclosed, serious damage would be caused to our business operations. Also, in the acceleration of informatization, it is becoming increasingly important to ensure the proper management of the AGC Group's information and information assets. We promote information security as a part of our compliance program, thereby ensuring the proper use and management of our information assets.

Objectives

Until now, the AGC Group has been engaged in completing the initial introduction of the Code of Conduct, the Compliance Help Line, and the Compliance Certificate, which are three basic pillars of its compliance system. Henceforth, we will continuously strive to improve them and to strengthen the global legal management system worldwide.

- To transform Asahi Glass's Code of Conduct into one that is shared across the Group
- To promote frequent use of the Help Lines
- To expand the roster of the compliance certificate program
- To further strengthen the global legal management system
- To promote antitrust education and audits on a global basis
- To further enhance information security

Action Making All Employees Aware of the Importance of Compliance through E-Learning

As a means of making employees more aware of the importance of compliance, the AGC Group has been providing employees with compliance education and training. In recent years, in particular, we have been fostering e-learning, an educational method using information technology (IT) as represented by the Internet, so that we can give more employees relevant education and training. At e-learning sessions, questions are posed in the form of a quiz, and examples are chosen from local topics familiar to employees, to facilitate a comfortable learning environment. After the sessions, we give feedback to participants, including the percentage of correct answers, specific explanations, and detailed answers to questions written down in the free comment columns on the answer sheets.

For the AGC Group to enhance trust from society, it is essential that all employees understand the importance of compliance. We will continue to provide compliance education and training to employees, making effective use of various educational methods.

We are continuously making employees aware of the importance of compliance, using e-learning in addition to compliance seminar tours and face to face training (stratified training and training on specific themes).

E-Learning Sessions Held in Fiscal 2006 (within Japan)

| Title | Target | Number of participants | Details |
|---|--|------------------------|---|
| Compliance e-learning | • Asahi Glass (managers and non-managers) • Employees of some affiliates | Approx. 4,000 | In-house compliance system, education on human rights (sexual harassment, power abuse, etc.) and details of the Code of Conduct (preventing the recurrence of troubles) |
| Antitrust e-learning intermediate course (case study) | • Asahi Glass (managers, those engaged in sales, and others) • Employees of some affiliates | Approx. 5,200 | Antitrust Guideline and cartel (agreements on prices and production quantities between companies) |
| Self-check on information security | • Asahi Glass (managers and non-managers) • Employees of some affiliates | Approx. 3,400 | Information security policies and organization, treatment of information assets, physical security, treatment of paper and electronic media, anti-computer virus measures, e-mail, user IDs and passwords, settings of personal computers, and copyright and protection of personal information |

The AGC Group is also giving localized e-learning sessions in Europe and North America on compliance and antitrust law. In fiscal 2006, the e-learning sessions in Europe and North America were attended by totals of 3,900 and 3,000 people, respectively.



To be a Company Connected with Society at Large through Relations of Trust

Concept

Increasing the Trust of the Stakeholders

The AGC Group actively and appropriately discloses its corporate information in a timely manner so as to maintain communication with various stakeholders. Such frequent communication helps us incorporate their opinions and requests into the CSR activities and achieve their understanding and support of our activities.

Approach

Appropriate Information Management and Sincere and Fair Information Disclosure

Public Relations Activities

■ Establishing a Global Information Disclosure System

The AGC Group established its Group Communication Guideline in January 2007, based on the recognition that it is important for the Group to dispatch its information appropriately to the world at large. We have in place a cooperation system between employees in charge of public relations at Asahi Glass and its affiliates in Japan/Asia, Europe, and North America, and have set up the rules on disclosing and receiving information both within and outside the Group.

Based on the rules, we are fostering appropriate information disclosure and prompt information sharing across the Group, thereby maximizing our corporate value and promoting the integrated management of the Group.

■ Timely Disclosure of Corporate Information

Asahi Glass appoints persons in charge of timely information disclosure from among the employees of its In-House Companies/SBUs and major affiliates, and the Corporate Communications & Investor Relations Division receives information from these persons. In addition to this system, based on the timely disclosure rules of the stock exchanges, our Timely Information Disclosure Committee holds regular meetings to deliberate and decide on the necessity of disclosure regarding the issues to be discussed by the Management Committee and the Board of Directors.

■ Appropriate Disclosure of Negative Information

Asahi Glass also discloses negative information appropriately, such as soil and groundwater contamination (page 31, etc.), on its website and through press releases. We carefully investigate the facts and promptly announce them, while receiving instructions from the government and experts.

Action

Unification of the Group Brand as "AGC"

Asahi Glass will celebrate the 100th anniversary of its foundation in September 2007. Taking this opportunity, we will unify our Group brand as "AGC." In addition to the use of a new logo for the brand, we will change the names of our domestic and overseas affiliates so as to incorporate our brand "AGC," thereby highlighting the range of our Group's business operations to stakeholders in an easy-to-understand manner, while strengthening the solidarity of the 54,000 employees of the AGC Group towards the acceleration of our global growth strategy.

This brand unification represents the great challenge of maximizing our corporate value by building a world brand that people around the world recognize as one that provides high quality products with cutting-edge technology.

AGC Group's new logo mark



This new logo mark represents the strength and outstanding presence of the AGC Group. This mark, with a red area in the center of a capital letter G, is designed to symbolize flaming energy and activity. By September 2007, this new logo will be used uniformly by Asahi Glass and its domestic and overseas affiliates.

Investor Relations (IR) Activities

Information Disclosure through a Range of Opportunities

The AGC Group is actively engaged in IR activities to help its shareholders and investors deepen their understanding of the Group by giving them information regarding the Group's true financial situation.

Events Held for the Purpose of Information Disclosure

Results briefings

Year-end and mid-year results briefings; briefings on the financial results of the first and third quarters through a telephone conference system; and publication of reference materials on the website

Company information sessions

Explanation of management policies and strategies by senior executives, and publication of reference materials on the website

Activities for both domestic and foreign institutional investors

Organization of individual meetings and small meetings for domestic and foreign institutional investors who are actively making investments

Acceptance of Visits

Explanation of managerial measures, the financial situation, and business trends, to domestic and foreign institutional investors and analysts; acceptance of a total of 333 interviews and visits in fiscal 2006

Acceptance of Visits to the Plants and the Research Center

Acceptance of visits by institutional investors and analysts to the plants and the Research Center; plant tour and seminar on the chemicals business held at the Kashima Plant in fiscal 2006



Company information session

Use of Communication Tools

As part of our IR activities, we publish and use a range of communication tools for shareholders and investors.

Communication Tools in Use

AGC Report

Corporate brochure for investors, analysts, and business partner companies, which outlines the AGC Group's management policies, business operations, and performance

Financial Review

Annual report that provides investors and analysts with the AGC Group's financial data

Company Overview

Reference materials on the AGC Group's management policy, business overview, performance outlook, corporate information, and product information; posted on the website

Financial Data Book

Financial information for investors; posted on the website and also downloadable in Excel format

AGC Review (Newsletter for Investors)

Newsletter published twice a year to inform shareholders of the AGC Group's business operations and performance outline

AGC CSR Report

Report that describes the AGC Group's CSR activities for all its stakeholders (this report)

Website (<http://www.agc.co.jp/english/ir/index.html>)

Used as a global information disclosure tool, where the reference materials shown above and IR topics are introduced

Fair and Prompt Information Disclosure

In compliance with the timely disclosure criteria set by the Tokyo Stock Exchange, we are committed to prompt and appropriate information disclosure. We post information that should be promptly disclosed on our website as well, thereby ensuring fair and timely information disclosure. In addition, we have a call center for individual investors.

Objectives

- To foster the integrated management of the Group through appropriate information disclosure and prompt information sharing across the Group
- To have opportunities to communicate continuously with stakeholders by using various tools, including briefing sessions, and incorporate the stakeholders' opinions into the management of the Group

Action

Corporate Social Responsibility as an Investment Criterion

Investors generally invest in companies based on their financial performance, but in recent years, an investment approach that evaluates and selects investee companies according to their fulfillment of corporate social responsibility (business activities giving consideration to ethics, society, the environment, and safety) is attracting more attention in Japan as well as in Europe and North America. This investment style is called "socially responsible investment" (SRI).

Companies are evaluated based on SRI indices comprised of evaluation items on social responsibility, and are included in SRI funds. The shares of Asahi Glass are included in the Morningstar Social Responsibility Index (MS-SRI) and various other SRI funds in Japan, and also in famous overseas SRI indices, as shown on the right.

The shares of Asahi Glass are included in many SRI indices, in which companies' fulfillment of corporate social responsibility is highly valued, in addition to their profitability and growth potential.

Global SRI indices in which shares of Asahi Glass are included (as of March 2007)

Dow Jones Sustainability Indexes

This index is created jointly by the Dow Jones & Company, Inc. and SAM Research AG, an SRI survey and rating company based in Switzerland.



Ethibel Sustainability Index

This index is created by Ethibel, a consultancy agency for socially responsible investing in Belgium.



FTSE4Good

This index is created by FTSE international, a joint venture between the Financial Times Ltd. and the London Stock Exchange plc.





Contribution as a Good Corporate Citizen

Living in Harmony with Society

The AGC Group is engaged in a variety of social contribution activities, with the aim of contributing to the creation of a prosperous society as a responsible corporate citizen.

Artistic and Cultural Activities

We support artistic and cultural activities, in particular both domestic and overseas glass-related exhibition projects.

■ Specific activities conducted in fiscal 2006

- Support for an exhibition held at Koganezaki Crystal Park, a modern glass arts museum in Shizuoka Prefecture
- Support for an exhibition of works by Katsushika Hokusai held at Freer Gallery of Art in Washington D.C., U.S.A.



Work receiving a prize from Asahi Glass

Seiki (silent space) by Midori Tsukada

AGC Research Collaboration Program, a Public-Invitation Industry/Academia Joint Study Program

In 2004, Asahi Glass introduced the AGC Research Collaboration Program in which products and technologies are developed jointly with universities, public research institutions, and other bodies that the company selects based on its needs, and seeds from among those invited publicly. The groups of selected joint research themes will receive funds of 20 million yen a year for three years. Applicants with excellent themes that are not selected can also receive research support. We are actively utilizing the joint research results for the creation of new businesses and products.

Results of the program in fiscal 2006 (its third year)

■ Research themes

- Research on the development of materials using ultrafine particles
- Research using fluorochemicals and fluorinated materials provided by Asahi Glass

■ Number of applications

- 49

■ Selected research themes

- Development of photo functionalized materials using metal nanoparticles and semiconductor nanoparticles by Tetsu

Tatsuma, Associate Professor at the Institute of Industrial Science, the University of Tokyo

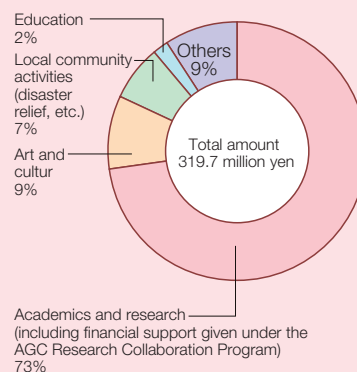
* As for research using fluorochemicals, there were no suitable themes among the applications and therefore we did not choose any applicants in fiscal 2006.

■ Other research support

- Financial support to research (one million yen per research project): 5 projects
- Provision of research materials: 8 projects

Breakdown of Financial Support Given through the Social Contribution Activities of Asahi Glass (Unconsolidated)

(for fiscal 2005)



Activities through Foundations Established by Asahi Glass

Asahi Glass engages in social contribution activities through its foundations, in addition to activities conducted as a company.

■ Foundations established by Asahi Glass

• The Asahi Glass Foundation

<History>

In 1933, commemorating its 25th anniversary (1932), Asahi Glass established The Asahi Foundation for Chemical Industry Promotion as a foundation that supports research for the development of the chemical industry. In 1990, to expand its range of activities conducted in the public interest, the Foundation changed its name to The Asahi Glass Foundation, and has since been engaged in research assistance and commendation programs.

<Research assistance program>

Results in fiscal 2006 Total number of grants: 167; total amount of assistance: 235 million yen

<Commendation program>

The Asahi Glass Foundation established the Blue Planet Prize, an international award that recognizes individuals and organizations

who have made major contributions to solving global environmental problems. Each year, two award recipients are chosen and each winner receives a certificate of merit, a commemorative trophy, and a supplementary award of 50 million yen.

• The Asahi Glass Scholarship Foundation

<History>

The Asahi Glass Scholarship Foundation was established in 1957 to commemorate the 50th anniversary of the establishment of Asahi Glass. In offering scholarships to outstanding Japanese and foreign exchange students requiring financial assistance, the Foundation seeks to promote the development of human resources that will benefit society. Endowment in fiscal 2006: 47 million yen to a total of 43 people

• The Asahi Glass Thailand Foundation and the Asahi Glass Indonesia Foundation

<History>

Asahi Glass established these foundations in commemoration of its 75th anniversary in 1982, with the aim of plowing its profits gained overseas back into local communities. The foundations provide scholarships to senior high school and university students in Thailand and Indonesia.

Domestic and Overseas Activities to Support Local Communities

We are improving the environment in cooperation with local communities, through employees' volunteer activities, exchange events, and local cleaning activities.

■ Asahi Glass Cup Aikawa Youth Baseball Tournament Asahi Glass Sagami Plant (Japan)

We hold this two-day tournament inviting 16 baseball teams from Aikawa Town, where the Sagami Plant is located, and six other municipalities in Kanagawa Prefecture. The 15th tournament held in 2007.



Teams participating in the 15th Tournament

■ Contribution to the Construction/Repair of Education Facilities AGC Automotive Thailand Co., Ltd. (Thailand)

AGC Automotive Thailand is participating in the White Factory Project, which is an initiative aimed at eliminating the use of drugs. Being aware of the importance of preparing and providing an adequate educational environment for children as a first step towards eliminating the use of drugs, employees of the company participated in the construction and repair of educational facilities. In 2006, a total of 150 employees participated in the activity.



Employees engaged in assembly and construction work on a weekend tour to the site

■ Reduction of Environmental Impact on the Local Community by Forestation

AGC Flat Glass (Thailand) Public Co., Ltd. (Thailand)

In 2003, AGC Flat Glass (Thailand) was granted the Green Production Award from the Thai government for its environmentally conscious business operations. Using the prize money, the company started a forestation activity for the local community. In order to increase the number of trees, which absorb CO₂, in an effort to reduce the impact of CO₂ emissions from its business operations, the company planted 1,000 trees in 2006.



Employees and their families and those from cooperating companies participated in the forestation activity.

■ "Open Door Day"—Invitation to the Plant Glaverbel Kling (Russia)

In 2006, the company held an event named "Open Door Day," inviting families of employees and local citizens to take part in a tour of its plant. Encouraged by comments from participants, such as, "I was impressed with the environment- and employee-friendly plant," the company plans to hold the event every year.



Participants at the Open Door Day

■ Establishment of a Fund to Support Local Education AGC Flat Glass Philippines Inc. (The Philippines)

AGC Flat Glass Philippines established the Asahi Glass Philippines Fund as an organization specializing in CSR activities. The company supports the education of local preschoolers, and has a medium-term plan to implement vocational training related to the business of AGC Flat Glass Philippines and scholarship programs through the Fund.

■ Contribution to the Creation of a Sustainable Society AGC Automotive Americas Co. (U.S.A.)

Based on the AGC Group Basic Environmental Policy, AGC Automotive Americas is committed to contributing to the creation of a sustainable society while considering the natural environment. Long-term, continuing environmental activities by AGC Automotive Americas include the recently developed Wildlife Habitat Incentive program on the 21 acre property (approximately 85,000m²) adjacent to the facility. On that site, a native, warm season grass and wildflower mixture was planted to create a protective natural habitat for wildlife and the environment.

Also, in conjunction with the Earth Day^{*1} celebration, the month of April was designated Environmental Awareness Month, and employees are engaged in a variety of activities during the month. In fiscal 2007, more than 30 spruce trees were planted in the premises of its plant in Ohio, and a slogan contest was conducted centered on the role that AGC plays in environmental preservation. The company is thus encouraging all its employees to participate in the environmental protection activities.

^{*1} Every year on Earth Day, which falls on April 22, various events are held all over the world incorporating activities that inspire awareness of environmental problems.



Sign posted in the protective zone



All departments of the plant in Ohio participated in the forestation activity.

We have received third-party opinions about this AGC CSR Report 2007*



Professor
Katsuhiko Kokubu
Graduate School of Business
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CSR management as an integral part of business

What is unique about Asahi Glass's CSR management is that its group vision "Look Beyond" embodies the spirit of CSR. In his message published at the beginning of the report, President Kadomatsu strongly communicates his own commitment to CSR management, which gives confidence to readers. In addition, the AGC Group Charter of Corporate Behavior, which was established in 2007, will drive the entire Group to further growth.

Contribution to the environment and society through core business

Asahi Glass is committed to contributing to the environment and society through its core business, and the feature articles represent specific examples of this business attitude. The articles describe how Asahi Glass has contributed to the environment and society by capitalizing on technologies at the forefront of its core business. This attitude is also an integral part of the "Look Beyond" vision, which I think merits mentioning from the viewpoint of CSR.

Conscientious environmental reporting, which will be further improved through information disclosure by segment

As for environmental activities, the CSR report intelligibly describes the results and details of the activities for major environmental projects, and also similarly discloses negative information. This represents Asahi Glass's conscientious

attitude toward information disclosure.

The report gives information on the entire AGC Group, but if additional information is provided for each of its business segments, readers will be able to understand the business of Asahi Glass more deeply. For example, Asahi Glass operates its business in a wide range of areas, and readers may want to know what environmental activities the company is conducting in each of its major business areas. Also regarding global environmental information, there is still room for improvement. For example, inclusion of data on changes by region will improve the report in terms of information disclosure.

The AGC Group has set its own quantitative target named the AGC Environmental Indicator. Readers will understand the effect of environmental management through the use of this indicator more fully if the results of the Group's specific environmental activities are shown using the AGC Environmental Indicator.

Social report attributing importance to respect for people, which needs to be concretized into specific objectives in the future

Asahi Glass defines Diversity in a wide sense as respect for people, and actively promotes Diversity within its organization, which is highly commendable. Organizing the Stakeholder Dialogue also demonstrates the company's commitment to Diversity. If Diversity is concretized into specific objectives and relevant actions are taken through the PDCA cycle, the company will be able to achieve more results in its activities.

Incorporation of stakeholders' opinions

Asahi Glass is thus conducting its CSR activities in accordance with its clear vision. In the future, the company will be able to conduct activities with higher materiality by collecting more information from a wider range of stakeholders, examining their opinions in light of its corporate principles, and checking the details of its CSR activities. I believe that Asahi Glass will further improve its activities.

In Response to the Third-Party Opinions



Akio Endo
Senior Executive Officer,
General Manager of Environmental &
Social Responsibility
Asahi Glass Co., Ltd.

In this year, fiscal 2007, we celebrate the 100th anniversary of Asahi Glass. Also, the year represents the final fiscal year of our medium-term management plan "JIKKO-2007," which we have been promoting under our policy statement that the pursuit of our Group vision "Look Beyond" leads to the fulfillment of our CSR. We have tried to describe the process and results of our activities intelligibly in the report, and increased the number of its pages to disclose sufficient information.

We have established the AGC Group Charter of Corporate Behavior to clarify our management responsibility and ensure that CSR fully takes root in our business. We have been endeavoring to make employees more aware of our Group vision "Look Beyond," and to encourage them to pursue the vision through, for example, the publication of our Group magazine, both in English and Japanese. In this



Ms. Junko Edahiro

Chief Executive
Japan for Sustainability

This CSR report communicates a variety of activities that the AGC Group is conducting on a global scale. It also discloses negative information about the Group, such as soil contamination caused by its business operations. This honesty is quite agreeable.

Asahi Glass reports its CSR based on its four shared values. For Diversity, one of the four values, the company conducted an ES survey to identify problems, and implemented countermeasures. This proves that the company is managing its CSR activities in a favorable manner.

For the employment and promotion prospects of female workers, the report shows specific data, which I find agreeable. However, to support its commitment to further promoting the employment and promotion prospects of female workers, the company needs to show its specific objectives and action plans regarding this matter.

As for the environment, it is commendable that the report includes data on occupational accidents. Also, I was able to learn that Asahi Glass is implementing a spectrum of excellent initiatives, including the development of the Asahi Guard E-Series, through its advanced environmental technology. Also, the company is making efforts to provide what society needs even prior to the arising of societal demand, and is promoting disaster prevention measures involving citizens, such as the Glass Power Campaign.

Regarding global warming, which is now attracting much attention all over the world, the report excellently introduces various examples of the indirect effects of CO₂ emission reductions through the company's environmental

technologies. I, however, think it is also necessary for Asahi Glass to show the direct and indirect measures that its plants and head office are implementing for the prevention of global warming, how they evaluate the results of the measures, and what additional measures they will take based on the evaluation results.

Regarding the social aspect, Asahi Glass details the measures taken for its employees in the report, but it also needs to expand its social activities to include: stakeholders in the supply chains, including those in developing countries; ecosystems; and future generations as well. In addition, I expect the company to mention the economic aspect of its CSR, such as its contribution to the local economy.

The report describes relevant matters classifying them into "concept," "approach," "action," "data," and "topic," and these classifications make the report easier to understand. If, however, the relationship between "approach" and "action," and the relevance between "action" and "data" are more clearly described, and if not only numerical data but also the company's interpretation of the data and future activities to be conducted based on the data are introduced, the effect of the classifications will be further improved and strengthened. Then, the classification method may become a reporting model.

As a whole, it would be great if the report, while communicating the global efforts of Asahi Glass, could introduce more measures that the company is taking in Japan, along with their results, which Japanese readers will be most interested in, in an easy-to-understand manner. As a Japan-based global enterprise, the company could give more examples of Japan-based activities in the report, and to render it more attractive to readers.

As described in the message from the President and CEO, environmental management will be further promoted through dialogue. I strongly expect that the report will evolve from the stage of information disclosure to, and collection of opinions from, stakeholders, to a stage of "joint creation" with stakeholders.

report, we proactively introduced our activities overseas as well, thereby emphasizing to readers that we are uniting our Group more deeply as a global enterprise.

We are a manufacturer of materials and component and so we conduct operations according to a business-to-business model. General consumers are not very aware of our business operations and activities, I assume. We are therefore seeking ways to promote direct communication with consumers, and I hope that general consumers will appreciate the Glass Power Campaign as an effort of Asahi Glass to make direct contact with society at large.

As for social contribution, we continue to give financial support to the promotion of academic studies and the development of human resources both at home and abroad, taking into consideration the characteristics of our industry.

With regard to measures to prevent global warming,

we have developed substitutes for CFCs and improved combustion technology, and have achieved better results than the numerical targets set forth in the Kyoto Protocol, but it is difficult to quantitatively compare our achievements with those of other companies, because there exists no industry standard regarding this matter. We therefore established our original AGC Environmental Indicator, and as described in the AGC Group Basic Environmental Policy, we are making efforts to achieve results through cutting-edge technology, as a globally excellent materials and components manufacturer.

In response to the third-party opinions, we will make examinations for further improvements, and strive to realize our CSR in our core business through pursuing our "Look Beyond" vision.



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