

AGC GROUP
CSR Report 2011



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Scope of Reporting

- The report covers the AGC Group's activities in fiscal 2010 (from January to December 2010).
- * The report also mentions some activities conducted in fiscal 2011.
- In this report:
 - * "The AGC Group" refers to Asahi Glass Co., Ltd. plus its 178 consolidated subsidiaries ("Group companies") in and outside Japan.
 - * "Asahi Glass" refers to Asahi Glass Co., Ltd. (on an unconsolidated basis).

Editorial Policy

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

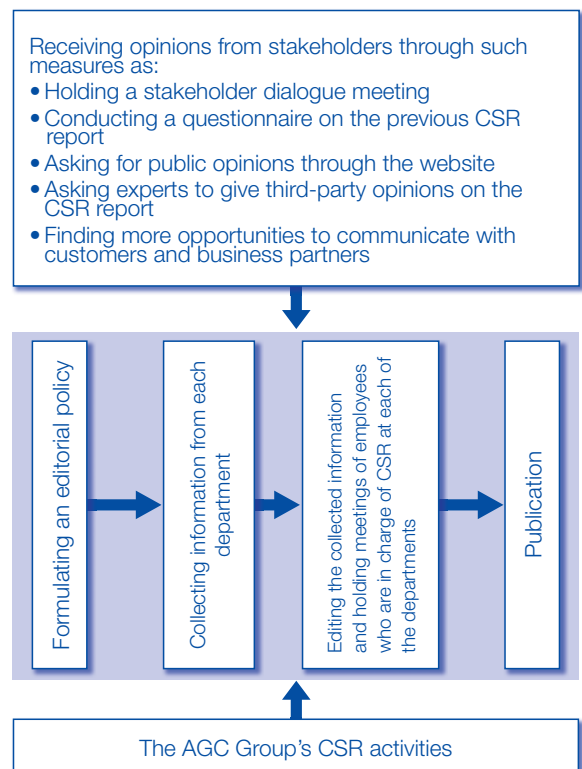
The Feature article outlines specific measures the AGC Group is implementing in regard to its products and manufacturing processes with a view to Delivering Technology Solutions for Climate Change, which is upheld in its management policy **Grow Beyond**.

Pages that report the Group's CSR activities introduce the concepts, targets and results, mechanism, and details and actual examples of the CSR activities that the AGC Group is conducting in line with the AGC Group Charter of Corporate Behavior (see page 16). These pages are structured based on the core subjects of ISO 26000 (guidance on social responsibility).

We also introduce the opinions of our stakeholders and our responses (see pages 12 to 15, pages 56 and 57 and elsewhere).

Procedures for the Creation of the CSR Report

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



Reference Guidelines

- ISO 26000: 2010 Guidance on social responsibility
- Sustainable Reporting Guidelines Version 3.1 (G3.1), Global Reporting Initiative (GRI)
- Environmental Reporting Guidelines (2007), Japanese Ministry of the Environment

Publication

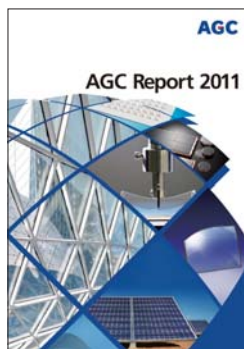
July 2011

- * Future perspectives described in this report are based on the latest information available to the AGC Group at the time of editing this report. Nevertheless, please note that results and consequences may vary with fluctuations in the business environment.
- * All rights reserved. © 2011, Asahi Glass Co., Ltd.

Communication Tools

The AGC Group promotes communication with stakeholders through various tools.

General corporate activities
AGC Report



Company brochure introducing the AGC Group's vision as well as business highlights.

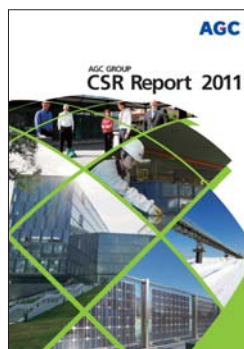
Comprehensive information
Website

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



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

CSR activities
CSR Report (this report)



Introduces the AGC Group's social responsibilities.



Website of AGC Glass Europe:
<http://www.agc-glass.eu/>




Website of AGC Flat Glass North America:
<http://afg.com/>

Financial information
Financial Review



Reports the AGC Group's business outline and financial information including a consolidated financial statement.

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



AGC CSR Website:
<http://www.agc.com/english/csr/>

Awards Given to the AGC Group CSR Report

- The 14th Environmental Communication Awards (held jointly by the Japanese Ministry of the Environment and the Global Environmental Forum) — Excellence prize (the Global Environmental Forum, President's Award) in the Environmental Reporting section
- The 13th Green Reporting Award and Sustainability Reporting Award (held jointly by Toyo Keizai Inc. and the Green Reporting Forum) — Third prize in the Sustainability Reporting Award section

The AGC Group's response to the Great East Japan Earthquake will be gradually introduced on the Group's CSR website.
<http://www.agc.com/english/csr/index.html>

Message from the President & CEO

“We will Listen to the Comments of Our Stakeholders to Become a Corporate Group that is Trusted, Counted on, and Supported by Society.”



AGC
We are AGC



Kazuhiko Ishimura
President & CEO

K. Ishimura

In March 2011, eastern Japan, the Tohoku region in particular, was struck by a massive earthquake, causing unprecedented damage. I would like to express my heartfelt sympathies to the victims of the earthquake and subsequent tsunami and pray for the earliest possible recovery of the afflicted areas and victims' return to normal life. The AGC Group donated 300 million yen toward the recovery of the devastated areas. We will continue to make thorough efforts to identify needs in the affected areas and provide them with the goods necessary for recovery.

The AGC Group supplies a range of products that directly contribute to people's lives, such as sodium hypochlorite used to sterilize water and sodium bicarbonate used for artificial dialysis, in addition to architectural glass and other products that support basic infrastructure. The earthquake has served as a strong reminder of the social mission of our business. Together, we will overcome this time of hardship, keeping in mind that the AGC Group has to continue providing these products, even amid an emergency situation, as a core social responsibility.

Summary of the Results in the First Year of “Grow Beyond-2012”

The AGC Group pursued the “full-fledged recovery of its performance” and “building of foundations for growth” in fiscal 2010, the first year of its medium-term management plan “**Grow Beyond-2012**”. As a result we were able to achieve record high results during the fiscal year. Also in fiscal 2011, we will strongly foster measures under our management policy **Grow Beyond**, while continuing to conduct business based on the principles, “No production without safety” and “Thorough compliance”.

Aiming to Implement the Aspirations for 2020 as an Enterprise that Contributes to a Sustainable Society

The AGC Group recognizes the necessity of building a sustainable society from a more comprehensive global viewpoint, and has clearly defined its aspirations for 2020 in order to contribute to the creation of such a society.

AGC's Aspirations for 2020

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

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

Specifically, we are aiming to achieve total sales of at least 2 trillion yen and also to raise the sales share of “products for the fast-growing markets,” “environmental products,” and “new products” to 30% or higher by 2020.

Accelerating the Building of Foundations for Growth as a Truly Global Enterprise

To achieve the Aspirations for 2020, the AGC Group will accelerate the building of foundations for growth focusing on the following three points.

(1) Delivering technology solutions for climate change

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

Climate change is a serious issue that could threaten the business continuity of the AGC Group, but we regard this as a great opportunity to contribute to society through our business. Recognizing our responsibility as an energy-intensive glass manufacturer, we earnestly strive to reduce energy consumption in our manufacturing processes.

Moreover, we will deliver technology solutions for climate change by developing, manufacturing and globally promoting products, such as solar-related materials and components that contribute to higher generating efficiency, energy-saving architectural glass suitable for each region and high-performance automotive glass for eco-friendly vehicles, by taking advantage of our technological expertise in glass, chemicals and ceramics.

(2) Glass-technology-driven company

— Adding further value to our products through our strong and differentiated technologies.

We will further advance our glass technology and fuse our core technologies in glass, chemicals and ceramics to differentiate our business. We will thereby provide more value-added products, including those related to displays.

(3) Second round of globalization

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

We will enhance our business in developed regions including Japan, Europe and North America while continuing to expand operations in fast-growing regions where we have already established bases. For example, we started operation of one of the world's largest float glass lines in Russia in September 2010 and appointed a chief representative to represent the AGC Group in China at the beginning of 2011. We will also accelerate the launch

of our business in countries and regions where we currently have no presence, such as Brazil.

In furthering our business in fast-growing regions, we aim to contribute to the growth of the regions through business. To this end, we are currently examining the possibility of leveraging global human resources in each region and building a business model that differs from those used in developed areas.

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

Our People are the driving force for the implementation of **Grow Beyond** measures and the achievement of the Aspirations for 2020. Recognizing this, we give growth opportunities to employees who have high motivation toward their own growth and are highly committed to their work. Growth will allow them to take on more difficult challenges, and this in turn will make them grow further.

The AGC Group has about 50,000 employees working in a range of countries and regions with different commercial customs and social practices. The diversity of our workforce gives the Group a great advantage. We will continue to focus on building a system base that makes better use of excellent human resources in each region and also on improving the structure for Group training. The diversity of our workforce gives the Group a great advantage, which we will use to transform ourselves into a global enterprise in the truest sense—a robust group that meets expectations for its growth through both an organization-based growth spiral and a personal growth spiral, with each complementing one another to create a self-propelling cycle of development.

Creating Further Opportunities for Dialogue on a Global Scale

We will listen to the comments of stakeholders and develop technologies and services that will meet the expectations of society, which we hope will in turn make people think “what will the AGC Group do next for us” and help us gain their support. In fiscal 2010, we held a meeting in Thailand and received precious opinions from local stakeholders. Through dialogue with a broad range of people, we will continue to implement more diverse measures toward the achievement of a sustainable society.

Management Policy **Grow Beyond**



Delivering Technology Solutions for Climate Change

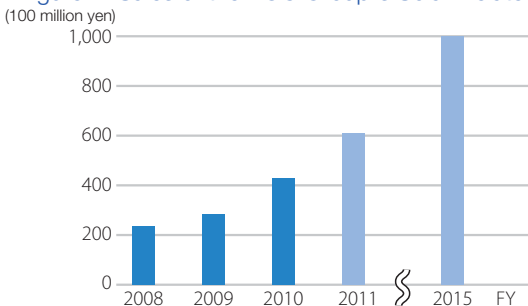
— Products —



① Materials and parts for photovoltaic devices/solar thermal power generation
 We provide various materials and parts for photovoltaic devices/solar thermal power generation to deliver solutions for climate change capitalizing on our glass, chemical and ceramics technologies.

Web Details of materials/parts for photovoltaic devices and solar thermal systems:
<http://www.agc-group.com/en/solar/>

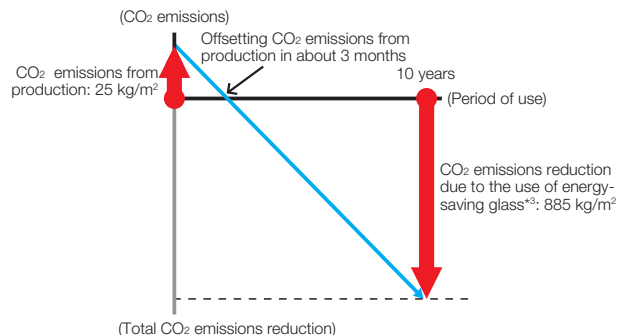
Figure 1. Sales of the AGC Group's Solar-Related Business*1



*1. Predicted sales for fiscal 2011 and targeted sales for fiscal 2015

② Energy-saving architectural glass*2
 We provide energy-saving architectural glass composed of multiple sheets of glass, part of which is made of low-emissive (Low-E) glass, with a dry air layer and others sealed between the sheets. It demonstrates higher solar control and heat insulating performance than ordinary glass and helps increase the efficiency of cooling and heating.

Figure 2. CO₂ Emissions Reduction Effect by the Use of Energy-Saving Glass




*2. In Japan, we manufacture and sell Ecoglass, which is Low-E double-glazing glass defined by the Flat Glass Manufacturers Association of Japan.

*3. Based on comparison (measured in the central north of France) between Thermobel Energy we sell in Europe and single-sheet glass

The AGC Group provides a range of products that contribute to solving the climate change issue across the world as a global enterprise engaged in glass, electronics, and chemicals businesses. We also aim to become a global enterprise that makes contributions to a sustainable society as stated in AGC's Aspirations for 2020 (see page 2), while striving to increase the sales share of "environmental products" to 30% or higher.



Environmentally Friendly Product	Application	Features
① Materials and parts for photovoltaic devices/solar thermal power generation	Photovoltaic devices/solar thermal power generation	Provides a range of related materials and parts
② Energy-saving architectural glass	Architectural glass	Provides higher solar control and heat insulating performance and helps increase the efficiency of cooling and heating
③ Coolverre/IRIS (glass that blocks infrared rays)	Automotive glass	Blocks infrared and ultraviolet rays and helps increase the efficiency of in-vehicle cooling
④ GCHP™ (glass-ceramic substrate)	LED lighting	Helps increase the durability and brightness of highly energy-saving LED lights (see page 44)
⑤ FONTEX (plastic optical fiber)	Optical fiber for high-speed communication	Helps reduce power consumption far more than copper cables (see page 44)
⑥ ASAHIKLIN (fluorinated solvent)	Solvent for precision parts, refrigerants	Fluorinated solvent and refrigerants with low global warming potential
⑦ LUMIFLON (fluoropolymer for coatings)	Used in coatings for large structures, etc.	Helps reduce the frequency of repainting which in turn leads to resource conservation and CO ₂ emissions reduction
⑧ Flemion (fluoropolymer ion-exchange membrane)	Used for the electrolysis of brine, etc.	Helps reduce energy consumption by about 40% compared with conventional electrolysis
⑨ Membrane-electrode assembly (MEA)	Used in fuel cells for vehicles and household use	Highly durable fuel cells

 Details of environmentally friendly products that contribute to solving the climate change issue
<http://www.agc.com/english/csr/env/products/>

Delivering Technology Solutions for Climate Change

— Initiatives at Plants across the World —

The AGC Group manufactures products using environmentally friendly processes at its plants across the world. Its In-house Companies (AGC Glass Company, AGC Electronics Company, and AGC Chemicals Company) are endeavoring to establish advanced production processes and conduct energy conservation activities based on the features of each country and region in which they operate as well as each In-house Company's policy.

United States

Bruce Flaherty

Plant Manager of the Kingsport Plant
AGC Flat Glass North America
(AGC Glass Company:North America)

Contributing to the Expansion of the Global Photovoltaic Market

It is imperative that we all be good corporate citizens to our employees, our community and our environment. The Kingsport plant produces a cover glass for photovoltaic module that contributes to reduce CO₂ of energy generation. We aim to contribute further to the expansion of the global photovoltaic market for the prevention of climate change.



South Korea

Three Group companies in Gumi City
(AGC Electronics Company)

Dong-hyun Lim, Assistant Manager of the Facilities Division
Hanwook Techno Glass

Kwang-su Lee, Manager of Environment Safety Team
Asahi Glass Fine Techno Korea

Gunse Jung, Production, Environment and Safety Manager
Asahi PD Glass Korea

Promoting Energy Conservation Activities by Setting CO₂ Emissions Reduction Targets

The three AGC Group companies in Gumi City will continue to conduct energy conservation activities by setting CO₂ emissions targets, in response to the enforcement of the Framework Act on Low Carbon, Green Growth by the South Korean government and trends in society. We will also develop technologies to reduce the amount of CO₂ emitted from production processes through concerted efforts of the entire AGC Group.



Kwang-su Lee

Gunse Jung





Japan

Yuichi Kitani

Plant Manager of the Asahi Glass Chiba Plant
(AGC Chemicals Company)

Aiming to Become an “Ideal Plant” with Zero-Loss through the Concerted Efforts of All

We at the Chiba Plant are conducting the AGC Group improvement activities (see page 27) to become an “ideal plant” with zero-loss and this is an initiative all employees are involved in. We will further develop our production technologies by reducing both materials and energy waste to zero in our daily production activities and by eliminating loss with regard to the local environment, occupational safety, industrial safety and security, and quality.

Belgium

Alain Raysman

Plant Manager of the Moustier Plant
AGC Glass Europe
(AGC Glass Company:Europe)

Tackling Climate Change Problems under the Slogan “Going Green”

The Moustier Plant is implementing energy conservation measures as part of the Going Green campaign implemented by AGC Glass Europe. Believing that climate change issues cannot be solved without individual efforts, we work to increase the environmental awareness of all the employees of the plant. This will in turn enhance our plant’s environmental competitiveness and help it become an entity that can be counted on by society.

Dong-hyun Lim

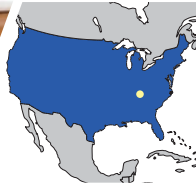


All-Electric Melting

AGC Flat Glass North America (AGC Glass Company:North America) The Kingsport Plant has introduced a highly energy-efficient electric melting furnace to its production line for photovoltaic cover glass, thereby reducing CO₂ emissions from the glass production process.



Kingsport Plant
AGC Flat Glass North America
AGC Glass Company:North America
Located in Tennessee, United States
Founded in 1917
Manufacturing glass for photovoltaic modules



United States



Trends in the United States

In the United States, environmental business has been growing in a range of fields driven by Green New Deal policies, and the creation of new businesses, such as those using clean energy from photovoltaic and wind generated power, electric vehicles, and smart grid technologies for next-generation power supply systems. It is expected to lead to the creation of various new jobs. Especially, the photovoltaic energy is high-visibility as the alternative energy of fossil fuel in terms of reducing the dependence on foreign oil and CO₂ of energy generation. Photovoltaic energy has been increasing rapidly in the US since 2005 in the form of utility scale projects.

The AGC Glass Company (North America)'s Initiatives

The AGC Glass Company aims to be at top level contribution to the prevention of climate change in the primary material production industry. In the United States, photovoltaic energy, one of key technologies for contributing the climate change issue, has been increasing rapidly in the form of utility scale projects. As part of its contribution, the Kingsport Plant successfully launched an antireflective coating (ARC) line for photovoltaic cover glass in 2007.

Reducing CO₂ Emissions by Increasing the Energy-Efficiency of the Production Line

The Kingsport Plant has introduced an all-electric melting furnace to its production line for glasses of photovoltaic modules. An all-electric melting furnace is approximately twice as efficient as a conventional fossil fuel fired furnace, because the furnace directly heats glass materials, unlike conventional oil and gas-fired glass melting furnaces that heat the materials by the heat radiated from the combustion flame. The Kingsport Plant is thus manufacturing products that contribute to the solution of climate change issues at its production line with lower CO₂ emissions.

Energy Conservation Diagnosis

The three AGC Group companies in Gumi City, South Korea have been proactively tackling climate change issue by carrying out the "energy conservation diagnosis" fostered by the AGC Electronics Company on a global scale.



South Korea



AGC Electronics Company

Hanwook Techno Glass

(HTG)

Gumi City, South Korea

Founded in 2002

Manufacturing PDP glass substrates

Asahi Glass Fine Techno Korea

(AFK)

Gumi City, South Korea

Founded in 2004

Manufacturing TFT-LCD glass substrates

Asahi PD Glass Korea

(PGK)

Gumi City, South Korea

Founded in 2006

Manufacturing PDP glass substrates



Trends in South Korea

The Korean government enacted the Framework Act on Low Carbon, Green Growth in April 2010 with a view to becoming an advanced country that can fulfill its responsibility in the international community through the creation of a low-carbon society, and is upholding the target of reducing its greenhouse gas emissions by 30%*1 by 2020. Under the law, 470 companies in the country are designated as companies to be placed under special management based on the predefined greenhouse gas emissions criteria. AFK and PGK are among the designated companies, and are thus required to submit their greenhouse gas emissions reduction plans for fiscal 2012 by the end of December 2011. In response, AFK and PGK estimated their greenhouse gas emissions and received external certifications for the estimates.

*1. Relative to greenhouse gases to be emitted in the "business as usual (BaU)" scenario (i.e. if no anti-climate change measures are taken)

The AGC Electronics Company's Initiatives

As an initiative to prevent climate change, the AGC Electronics Company is fostering energy conservation measures at its manufacturing facilities as well as developing production technologies to improve its production processes. The Asahi Glass Engineering Center had long carried out energy conservation diagnosis and made subsequent improvement proposals on the utility facilities of the In-house Company's production bases in Japan. The center expanded these activities to include the Company's overseas

bases in Taiwan, South Korea and Thailand, while promoting the sharing and implementation of excellent measures beyond national boundaries. The target of the diagnosis was not only utilities but was expanded to include lighting and air conditioning equipment. As a result in fiscal 2010, CO₂ emissions at the bases in Taiwan, Korea and Thailand were reduced by about 5,000 tons in total.

Effect of "energy conservation diagnosis" at the three companies in Gumi City

AFK and PGK have been carrying out "energy conservation diagnosis" on their utility, lighting and air-conditioning equipment since 2009. Based on the results, the two companies launched a joint project team to review the use of lighting and air-conditioning equipment and conducted measures to improve the efficiency of their compressors and introduce inverters*2 to their water pumps. As a result, the two companies reduced their CO₂ emissions by about 1,600 tons in total in fiscal 2010.

HTG has been conducting unique energy conservation activities and succeeded in reducing its CO₂ emissions by about 1,100 tons in fiscal 2010 by taking measures such as increasing the efficiency of its lighting and air conditioning equipment, and improving the operations of its boilers and cleaning machines used in the manufacturing processes. The company carried out the "energy conservation diagnosis" on its lighting equipment, etc. in December 2010 to identify any further problems. HTG will continue to foster its systematic energy conservation activities, including the visualization of the brightness of lighting equipment at its manufacturing facilities.

*2. This refers to the addition of a function to control the rotating speed of the pump in a precise manner according to changes in the load.

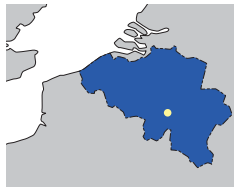
Contribution through an LCA-Based Approach

AGC Glass Europe (AGC Glass Company: Europe)'s Moustier Plant in Belgium manufactures environmental products through highly energy-efficient processes to contribute to the solution of climate change issues through an LCA*1-based approach. The plant is ideally situated near the Sambre River and the plant has been promoting transportation by ship, which contributes to reducing the environmental impact of the plant's transportation activities.

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



Belgium



Moustier Plant
AGC Glass Europe, AGC Glass Company:Europe
Located in Wallonia, Namur, Belgium
Founded in 1883
Manufacturer of architectural glass, automotive glass, and transparent conductive oxide-coated glass substrates for photovoltaic devices

Trends in Europe

EU has set up a target called "20-20-20" meaning a reduction of the energy use and greenhouse gases (GHG) emissions by 20% below 1990 level, and having 20% of renewable energy by the year 2020. For this target, "The Climate and Energy Package" was agreed by European Commission and it is including for the industry covered by the European Emission Trading System (EU ETS), a reduction of its GHG emissions by 21% below the 2005 level in 2020. Moreover, the regulation regarding energy consumption of building is reinforced in order to promote increased insulation and generation of electricity through photovoltaic panels. Disclosure of the carbon footprint of articles and goods also becomes important. We will be in the near future documented through life cycle analyses (LCA) and Environmental Product Declarations (EPD).

The AGC Glass Europe (AGC Glass Company:Europe)'s Initiatives

In line with AGC Glass Company's policies on climate change issues (see page 8), AGC Glass Europe is implementing the Going Green campaign to foster energy conservation. This campaign is intended to promote the development of products that can contribute to the solution of climate change issues in addition to increasing the energy efficiency of the company's production and transportation processes and fostering energy conservation in its individual departments. The Moustier Plant, which is located near

the Sambre River in Wallonia, is promoting transportation by ship while tackling climate change issues by increasing the energy efficiency of both its production processes and products in cooperation with the engineering department and the nearby European R&D Center.

Manufacturing both highly energy-efficient glass and products for photovoltaic devices on the same line

The Moustier Plant manufactures both low-emissivity (Low-E) double-glazing glass that offers very good thermal insulation properties and transparent conductive oxide (TCO)-coated glass substrates on the same production line. At the line, where glass substrates are manufactured and coated in an integrated manner, Low-E glass and TCO-coated glass substrate-products that contribute to the solution of climate change issues—can be manufactured in a very efficient manner. The Low-E glass named "Planibel A," which began to be manufactured at the plant in 2010, meets the standards necessary to be ranked at the highest level in the Window Energy Ratings (WER) implemented in the United Kingdom and indeed provides excellent energy conservation performance. TCO-coated glass substrates are used as electrodes for thin-film silicon photovoltaic devices and serve as conductive material to derive electric energy from sunlight, and are highly valued by customers.

Multilayered Initiatives for Energy Conservation

The Asahi Glass Chiba Plant (AGC Chemicals Company) conducts the electrolysis of brine which serves as the starting point for the chemical chain of basic and fluorinated chemicals. Electrolysis requires a great deal of electricity and steam, and the plant is implementing multilayered initiatives focused on climate change.



Asahi Glass Chiba Plant
AGC Chemicals Company
Goi City, Chiba Prefecture
Founded in 1958
Manufacturing basic chemicals and fluorinated chemicals

Japan



Trends in Japan

In September 2009, the Japanese government set a target for reducing the country's greenhouse gas emissions—25% relative to 1990 by 2020—and has since been fostering energy conservation as well as the introduction and expansion of renewable energy and the maintenance of forests which absorb CO₂. The government also mandates companies to conduct measures such as greenhouse gas emission reduction plans and make regular reports based on the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. Moreover in Japan, such acts like the Act on Ensuring the Implementation of Recovery and Destruction of Fluorocarbons concerning Designated Products are enforced to reduce greenhouse gas emissions as well as the Act on the Protection of the Ozone Layer regulates production of fluorocarbons which is a type of greenhouse gases, etc.

The AGC Chemicals Company's Initiatives

The AGC Chemicals Company is committed to contributing to the creation of a safe, secure, comfortable, and environmentally friendly society through chemistry under its vision "Chemistry for a Blue Planet." This In-house Company provides products that contribute to solving the climate change issue, such as the AFLEX fluoropolymer films for photovoltaic devices and LUMIFLON fluoropolymer for coating. LUMIFLON helps increase the lives of skyscrapers and bridges, thereby contributing to resource conservation and CO₂ emissions reduction. This product was chosen as a coating material for Tokyo Sky Tree, which is the world's tallest free-standing broadcasting tower. Moreover at the Asahi Glass Chiba Plant, used fluorocarbons collected from the market are

destroyed and decomposed into fluorites.

Multilayered energy conservation initiatives

The Asahi Glass Chiba Plant is implementing multilayered energy conservation initiatives through improvement of manufacturing processes and a shift in energy use.

As for the manufacturing processes, the plant developed a method to manufacture caustic soda using the ion exchange membrane method in 1975, thereby achieving an approximately 40% reduction in energy use compared with the conventional mercury process. As for the shift in energy use, the plant introduced a highly energy-efficient turbine that uses natural gas, which is abundantly produced in local areas, and as a result has reduced energy consumption by 22,000 kl in crude oil equivalent (with CO₂ emissions reduced by 140,000 tons). In the future, the plant aims to further reduce the environmental impacts of its manufacturing processes through energy recycling, including the introduction of power generation facilities that will use hydrogen gas, a byproduct from the electrolysis process.

The Significance of Focusing on CSR in Corporate Strategy



Our sixth stakeholder dialogue was held in Thailand, for the first time outside Japan where the head office of Asahi Glass is located. At this meeting we discussed the contributions that could be made by companies for the creation of a better society with officials of the Thai government and people from local communities.

Date

From 2:30 to 5:20 p.m. on Tuesday, November 23, 2010

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

The AGC Group comprises Asahi Glass and 178 subsidiaries around the world, seven companies of which operate businesses in Thailand. AFT is the oldest of the seven. The company started operation in 1963 and has since been engaged in the manufacture and sale of architectural float glass, automotive float glass, and various other float glass products for industrial use. The company has long been conducting community relations activities. For example it launched a scholarship program in 1974 and has also been implementing various other programs including a program in which children living in a forest area are given the opportunity to visit the sea. Moreover in 2009, AFT obtained certification for the CSR-DIW, which is an ISO 26000-based standard set by the Thai Ministry of Industry.

Companies are also members of society. Cooperation from local communities is necessary to create a better society.

Matsuo: For the AGC Group, the pursuit of its group vision “*Look Beyond*” represents the fulfillment of its CSR. In our Aspirations for 2020, we committed ourselves to contributing to the development of fast-growing regions while, in our Social Contribution Basic Policy, we listed “support for the next generation,” “harmony with local communities,” and “natural environment conservation” as the priority areas for our social contribution activities. Today, through dialogue with all of you here, we would like to search for a new direction for the AGC Group’s CSR activities.

Adachi: First of all, I would like to thank you all for your deep understanding of AFT’s business operations. AFT, as one of the oldest Japanese-owned companies operating in Thailand, has a rather long history and will celebrate the 50th anniversary of its foundation in 2013. At AFT, we are conducting both internal and external activities based on the CSR-DIW, the CSR standard implemented in Thailand, as well as in line with the AGC Group Charter of Corporate Behavior, which provides for “Sincere Behavior,” “Environment and Safety,” “Respect for People” and “Harmony with Society.”

June: AFT regards it necessary to take the following four steps to fulfill its CSR: to comply with the law, to fulfill its economic role, to act according to the AGC Group Charter of Corporate Behavior and to foster volunteer activities. We have been engaged in activities to ensure safety and conserve energy at our manufacturing facilities based on the Charter of Corporate Behavior. We also began conducting volunteer activities in 2004 and planted trees and released fish with local children. At present we are implementing

* Organization names and job titles of internal and external attendees are as of holding date.



Mr. Teera Hongrapipat
Expert Level,
Thai Ministry of Industry



Mr. Chartchai Laungcharoen
President of Community
Organizations,
Housing Jumrung



Mr. Komphan Sukompa
Vice School Director,
Ban Kong Mong Tha School



Mr. Praiwan Yapan
Teacher,
Ban Kong Mong Tha School



Ms. Nadhakan
Shinnaranantana
Lecturer,
AIT and Kasetsart Business School



Toshikazu Adachi
President of AGC Flat Glass
(Thailand) PLC.



Pairatpong Methaiwala
Senior Executive Director,
AGC Flat Glass (Thailand) PLC.



June Kangvannavakul
CSR Manager,
AGC Flat Glass (Thailand) PLC.

the Open Kids' Vision program, which includes an activity to provide children living in a forest area with the opportunity to visit the sea (see page 52), and we feel so happy when we see the smiles of children. In order to create a better society, I believe all of us need to cooperate together.

Focusing on CSR in corporate strategy leads to conducting corporate activities in line with the policies of the Thai government.

Teera: I am in charge of the CSR-DIW project at the Thai Ministry of Industry. It is not easy for companies to obtain CSR-DIW certification, but AFT obtained it in 2009 as a result of passionately engaging in CSR activities over long years since 1990. For those of us who developed the CSR-DIW, it is a great pleasure to see companies implement the philosophy of "sufficiency economy," which is advocated by the king of Thailand, toward sustainable development in their CSR activities. The concept of "sufficiency economy" encourages us to lead moderate lives without greed and to pursue moderate economic development and growth in a self-reliant and sustainable manner. The Ministry of Industry is applying this concept to local industrial fields.

Chartchai: I think "sufficiency economy" means to keep a good balance in every aspect of our lives. Our community has been implementing two programs in collaboration with AFT. The first program is the Open Kids' Vision program, in which we invite children of a branch school in Laivo, a forest village located in the western part of Thailand to our town for mutual exchange. In the town, we are implementing the philosophy of "sufficiency economy." In the second program, we are growing mangrove trees in our community, which is located near the sea. AFT kindly provides us with funds for the programs and sends its employees and their



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



Ms. Makiko Akabane
(Facilitator)
Director Japan,
CSR Asia



Open Kids' Vision



families to us as volunteers. I met June of AFT in 2009 and began working with her, and it was then that I recognized that companies could take the initiative in local activities for the first time in my life. Companies and local communities can achieve great results and continue to do so through mutual cooperation. In order to create a society in which people can live happily, it is essential to ensure its stability, for which companies are expected to operate their businesses in a sustainable manner.

Komphan: I am the vice school director at the branch school in Laivo. The programs we have developed with AFT, including the Open Kids' Vision, are based on the concept that education gives individuals and local communities broader possibilities and helps them lead fulfilling and sustainable lives. Our village is located in a remote mountainous area and transport links are very limited. We are thus leading very inconvenient and difficult lives. AFT kindly visited our village and provided us with a range of opportunities, including those related to educating the youth and supporting the lives of local people. I would like to continue implementing the programs with AFT.

Nadhakan: I specialize in the study of CSR of listed companies. AFT focuses on CSR in its corporate strategy, which I believe is propelling its CSR activities and leading to the success of various CSR programs. The Thai economy is continuing to grow by around 7% a year, but there are concerns that GDP growth will eventually slow down and that the subsequent sluggish economy would badly affect people's lives. If this becomes a reality, it is important for companies to help people overcome difficulties through their CSR activities. For the recovery of economy, the government needs to collaborate with the private sector in addition to making its own efforts. I think that companies operating in Thailand must tackle the following two themes in their CSR activities, namely "mitigation of poverty" and "support for the education of the young." In this regard, AFT is truly meeting the local needs toward further development of local communities. The company does not only give financial support to children but also provides them with various opportunities, including opportunities to engage with nature. The company is investing for future society through these activities, and I therefore believe that these activities are really meaningful. Both AFT and local communities will be able to achieve sustainable development by forming a good partnership and fostering collaboration with each other.

Coming close to the ideal corporate image by advancing CSR activities in collaboration with stakeholders.

Pairatpong: AFT is now conducting CSR activities in partnership with local communities, but the situation was quite different when the company began conducting such activities 10 years ago. At that time, the company was simply donating money and implementing measures to ensure compliance with laws and regulations and the in-house code of conduct. Gradually, however, those responsible at the company began to examine in which area of CSR activities they had strengths and what specific contributions they could make to society. They began to understand the importance of providing people with opportunities for capacity building and of providing the necessary support. Our ultimate goal in CSR activities is to help create a peaceful society in which people can live independently and in an equal manner. I believe AFT has been making better use of its resources, knowledge and expertise in its CSR activities. In other words, the company has been able to distribute its profit in an appropriate manner to its stakeholders. Through CSR activities, employees of the company have been increasing their awareness of the fact that they are also members of the local community, which encourages them to contribute not only to the company but also to society. In conducting CSR activities over 10 years, AFT is coming closer to the ideal image of a corporation in terms of CSR, moving up the levels from simply fulfilling corporate responsibilities. Through collaboration with a range of stakeholders, we have thus advanced our CSR activities.

June: AFT has a strong driving force for CSR activities. At AFT everyone has a deep understanding of CSR, and I receive strong support from my directors and colleagues, who are all proactively participating in CSR activities. The local community also shows understanding to AFT and kindly supports its activities. As for the Open Kid's Vision, it took us four hours or more to reach Laivo by four-wheel-drive vehicle and on foot, but I felt so happy when I was welcomed by villagers and saw the smiles of children. I was really lucky to be able to engage in such a wonderful program and feel so grateful for it. I would like to continue to tackle various challenges.

Adachi: For AFT, CSR activities are not merely charitable activities but represent a part of its corporate value. We will continue to conduct CSR activities while fostering communication with local



people, the Thai government, and Asahi Glass in Japan.

What is done for the benefit of children eventually benefits the entire country. Continued support activities and more proactive dissemination of information are expected.

Teera: This is the first time I have participated in a stakeholder dialogue meeting, and I think this kind of meeting provides stakeholders with a very good opportunity to share their experience. I participated in the meeting in my capacity as an official of the Ministry of Industry, and the meeting has made me recognize that companies and local communities, which both support Thai society, are cooperating together to create a sustainable society by pursuing well-balanced growth in all social, environmental and economic spheres.

Chartchai: AFT kindly built a school in our village, and several years after that, the company again visited us to propose providing the pupils of the school in Laivo with an opportunity to learn about the concept of “sufficiency economy” advocated by the king. At first I could not believe that a company would do such a thing, but now I can understand why AFT made such a proposal to us. AFT is cooperating with us in a very proactive and generous manner. To support the education of the young means to make investments for the future of society and AFT is contributing to the entire society by helping young people display more of their abilities.

Nadhakan: What AFT did for the children not only benefits the children themselves, but also benefits the entire country. I want the company to introduce its activities on its website so that more people can share information about the activities.

Komphan: The activities supported by AFT are also very valuable for us because villagers and other stakeholders can all participate in the activities together. I want AFT to continue their support activities and expect the AGC Group to implement similar programs also in other counties based on its supreme philosophy on CSR.

Praiwan: I live in a forest area and I have never participated in such a dialogue meeting as this one. I would like to share what I experienced today with other villagers. The activities that were conducted for children, thanks to support from AFT, are all very wonderful and useful to shape the better future for children.

Matsuo: After directly talking with officials of the Ministry of Industry and people from local communities, I am now convinced that AFT is conducting advanced CSR activities. This is our first stakeholder dialogue meeting held outside Japan and, by sharing the results of this meeting on a global scale, we will further advance the entire AGC Group’s CSR initiatives.

In Response to the Opinions

In response to the opinions we received from the stakeholders who participated in the dialogue meeting, we will examine the measures to achieve the following.

Opinion 1 “I want AFT’s CSR activities to be more widely introduced to people in the world, including those in Thailand.”

- AFT will introduce its CSR activities to more people through its website (<http://www.agc-fatglass.co.th>) or through the website of AGC Group companies in Thailand (<http://www.th.agc-group.com>).
- The AGC Group will introduce its CSR activities, including those conducted by AFT, through its CSR report and website on CSR (<http://www.agc.com/csr/>) globally to more people within and outside the AGC Group.

Opinion 2 “Supporting the development of the youth is an issue to be tackled by the entire society and I want AFT to continue its activity to support it in cooperation with a lot of people.”

- AFT will continue to support the development of the youth who will be future leaders of Thailand through its Open Kids’ Vision program and scholarship (to employees’ children).
- AFT will continue to conduct the aforementioned activity in cooperation with employees and local inhabitants while improving it in response to changes in society.

Organizational governance

The AGC Group's Vision and CSR

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

In accomplishing this mission, all employees of the AGC Group are encouraged to take action based on the Group's shared values of "Innovation & Operational Excellence," "Diversity," "Environment," and "Integrity."

We would thereby become even more trusted and meet the expectations of society and contribute to the creation of a sustainable society.

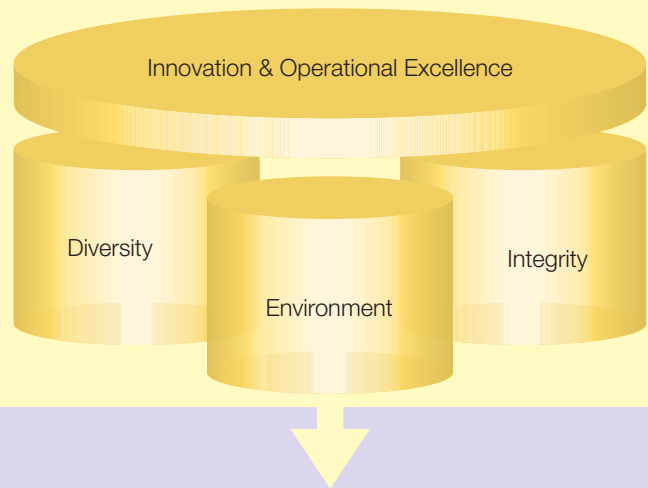
To implement the values in a more specific manner, we have formulated the AGC Group Charter of Corporate Behavior, as shown below.

AGC Group Vision **"Look Beyond"**



Our Shared Values

All employees of the Group follow Our Shared Values in accomplishing Our Mission.



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"

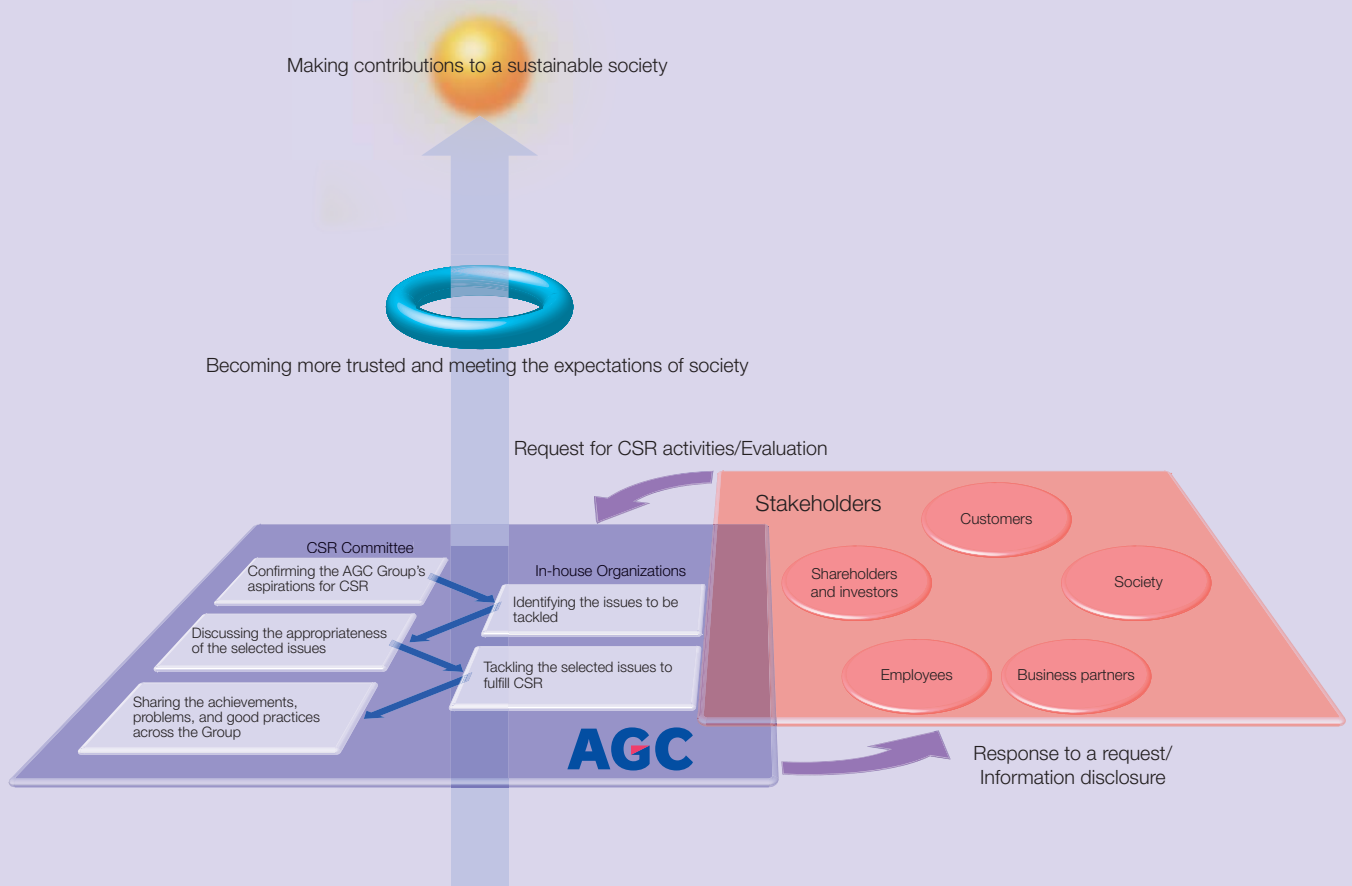
12. The AGC Group will strive to be a trusted corporate citizen, fulfilling its responsibilities to the communities in which it does business.
13. The AGC Group will build productive and proper relationships with business partners and encourage them to adhere to business principles consistent with its 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 PDCA Cycle for CSR Activities

The AGC Group shares the feedback and evaluations of its stakeholders across the Group through the CSR Committee, etc. Each of our in-house organizations identifies problems to be tackled and fosters CSR activities as part of its operations. We execute a

Plan, Do, Check, and Act (PDCA) cycle for CSR by such means as disclosing our CSR activities to our stakeholders through our CSR report and so on.



CSR Promotion System

The AGC Group established its CSR Committee in 2005. This committee, which serves as an organization to lead the fulfillment of CSR by the Group, is chaired by the CEO and composed of the CTO, CFO, and the heads of the in-house organizations. It discusses the Group's CSR-related policies and issues. In fiscal 2010, the committee held four meetings to discuss these matters and shared the results and newly-founded issues of activities conducted by the in-house organizations. In addition, the committee held a seminar on CSR inviting an external expert. Moreover, we hold meetings of the employees actually engaged in CSR at each organization, where attendees discuss the measures needed to solve specific issues.

In fiscal 2011, we will launch a system for CSR monitoring in which we will identify the CSR items related to the AGC Group by in-house organization and region from the viewpoint of our stakeholders in reference to ISO 26000. We will then prioritize the identified items to incorporate them into the AGC Group's business activities.



Seminar on CSR held for executives and employees engaged in CSR



Targets and Results for CSR Activities

In order to make continuous improvements to its CSR activities, the AGC Group executes a Plan, Do, Check, and Act (PDCA) cycle. Specifically, we set targets for each fiscal year by theme, make self-evaluations based on the results, and incorporate the evaluation results and social changes into the targets for the next fiscal year.

In this report, we disclose information with regard to the seven core subjects addressed by ISO 26000, which was published in November 2010.

Criteria for Self-evaluation

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

Integrity: Sincere Behavior

	Targets for fiscal 2010	Major results in fiscal 2010	Self-evaluation	Targets for fiscal 2011	"Core subjects" of ISO 26000
Compliance	<ul style="list-style-type: none"> ● Promote compliance and the use of Help Lines <ul style="list-style-type: none"> · Continue to provide online training and to enhance face-to-face training on compliance (AGC Group) · Revise the Help Line awareness-raising poster and distribute its copies (AGC Group in Japan and North America) 	<ul style="list-style-type: none"> · About 4,500 employees received online training and 7,200 face-to-face training for compliance. (AGC Group) · Revised the Help Line awareness-raising poster and distributed the copies in Japan, China, and North America 	A	<ul style="list-style-type: none"> ● Promote compliance and the use of Help Lines <ul style="list-style-type: none"> · Review the Group Code of Conduct and prepare the revision (AGC Group) · Continue implementing awareness-raising measures for the Help Lines (AGC Group) · Further expand the scope of employees submitting compliance certifications (AGC Group) 	Organizational governance → Page 22
Fair Operating Practices	<ul style="list-style-type: none"> ● Further strengthen education and audits on compliance with antitrust laws (AGC Group) 	<ul style="list-style-type: none"> · About 5,600 employees received online training and 1,100 face-to-face training for antitrust laws (AGC Group) · A total of 36 Group companies and in-house organizations were internally audited for compliance with antitrust laws. (AGC Group) 	A	<ul style="list-style-type: none"> ● Further strengthen education and audits on compliance with antitrust laws (AGC Group) 	Fair operating practices → Page 49
	<ul style="list-style-type: none"> ● Enhance education on information security <ul style="list-style-type: none"> · Provide online education to information security facilitators (AGC Group in Asia including Japan) · Plan education for information managers and information security facilitators (AGC Group) 	<ul style="list-style-type: none"> · About 9,900 information security facilitators of 62 Group companies received the online education. (AGC Group in Asia including Japan) · About 18,800 employees conducted a self-check on information security. (AGC Group) 	A	<ul style="list-style-type: none"> ● Enhance education on information security <ul style="list-style-type: none"> · Continue the provision of online education to information security facilitators and the self-checks on information security and examine efficient implementation processes (AGC Group) · Establish a process to review the information security policies regularly (AGC Group) 	
	<ul style="list-style-type: none"> ● Conduct purchasing activities in line with the AGC Group Charter of Corporate Behavior <ul style="list-style-type: none"> · Raise the awareness of the AGC Group Purchasing Policy on a global basis (AGC Group) 	<ul style="list-style-type: none"> · Sent the CSR Report 2010, in which the Purchasing Policy was stated, to about 170 major business partners. (Asahi Glass) · Made major Group companies aware of the Purchasing Policy (AGC Group) 	A	<ul style="list-style-type: none"> ● Conduct purchasing activities in line with the AGC Group Charter of Corporate Behavior <ul style="list-style-type: none"> · Continue raising awareness of the AGC Group Purchasing Policy on a global basis (AGC Group) 	
Quality and Customer Satisfaction (CS)	<ul style="list-style-type: none"> ● Further improve the quality of products and services <ul style="list-style-type: none"> · Build a foundation to reduce downside risks*1 related to product quality (AGC Group) · Further educate and enlighten employees for the reduction of product quality-related risks (AGC Group) 	<ul style="list-style-type: none"> · Posted information about accidents caused by competitors' products and the quality-related problems of competitors on the intranet (AGC Group in Japan) · Launched an employee education program to prevent human errors (AGC Group) 	B ²	<ul style="list-style-type: none"> ● Further improve the quality of products and services <ul style="list-style-type: none"> · Build a foundation to reduce downside risks*1 related to product quality (AGC Group) · Implement an employee education program to prevent human errors (AGC Group) 	Consumer issues → Page 46
	<ul style="list-style-type: none"> ● Promote activities to "incorporate the concept of CS into each employee's daily work processes" and enhance the culture of performance excellence <ul style="list-style-type: none"> · Improve CS activities on a continual basis by improving the CS activity support process and provide opportunities for employees to share successful examples (AGC Group) 	<ul style="list-style-type: none"> · Held the CS Seminar 69 times and the CS Dialogue 21 times (AGC Group in Asia including Japan) · Launch a program to incorporate the concept of CS into the activities to solve operational problems and make improvements at two in-house organizations (AGC Group) 	B ³	<ul style="list-style-type: none"> ● Promote activities to "incorporate the concept of CS into each employee's daily work processes" and enhance the culture of performance excellence <ul style="list-style-type: none"> · Improve CS activities on a continual basis by improving the CS activity support process and provide opportunities for employees to share successful examples (AGC Group) 	

*1. Risk of losing the social value such as trust or reputation

*2. Reason for B evaluation: In building a foundation to reduce downside risks related to product quality, activities in regions other than Japan have been delayed.

*3. Reason for B evaluation: Opportunities for employees to share successful examples have been delayed.

Environment and Safety: With Due Consideration

	Targets for fiscal 2010	Major results in fiscal 2010	Self-evaluation	Targets for fiscal 2011	"Core subjects" of ISO 26000
Environmental Activities	<ul style="list-style-type: none"> ● Further implement the integrated EMS on a global basis 	<ul style="list-style-type: none"> · Another three Group companies were incorporated into the integrated EMS, and the total number of companies incorporated in the system is 87 on a global basis (AGC Group) · Held the AGC Group Environmental Forum with the participation of about 120 employees from eight countries and regions (AGC Group) 	A	<ul style="list-style-type: none"> ● Further implement the integrated EMS on a global basis <ul style="list-style-type: none"> · Increase the number of bases incorporated in the integrated EMS on a global basis (AGC Group) 	The environment → Page 34
	<ul style="list-style-type: none"> ● Implement measures to achieve the environmental targets ● Foster energy conservation and anti-climate change measures 	<ul style="list-style-type: none"> · Achieved zero emissions*4 at 54 sites (AGC Group) · The AGC Environmental Indicator for greenhouse gas emissions came to 1.2 (AGC Group) · Achieved the target of reducing CO₂ emissions from energy use in the manufacturing processes by 1% relative to the average for fiscal 2006 and 2007 (Asahi Glass) · Began examining the lifecycle CO₂ (AGC Group) 	A	<ul style="list-style-type: none"> ● Implement measures to achieve the environmental targets including those for greenhouse gases <ul style="list-style-type: none"> · Examine and set global environmental targets (AGC Group) · Continue examining the lifecycle CO₂ (AGC Group) 	
	<ul style="list-style-type: none"> ● Build a comprehensive system to manage chemical substances 	<ul style="list-style-type: none"> · Reduced VOC emissions by 52% relative to fiscal 2001, thereby achieving the target*5 (Asahi Glass) 	B ^{*6}	<ul style="list-style-type: none"> ● Build a comprehensive system to manage chemical substances 	

Environment and Safety: With Due Consideration

	Targets for fiscal 2010	Major results in fiscal 2010	Self-evaluation	Targets for fiscal 2011	"Core subjects" of ISO 26000
Industrial Safety & Security	① Reduce risks related to industrial safety and security · Continue implementing measures against the risks specific to each region and business (AGC Group) · Identify risks through audits on a continuous basis (AGC Group in Asia including Japan)	· Employees in charge of industrial safety and security exchanged opinions to share related information within the Group (AGC Group) · Conducted audits at 27 sites and in-house organizations shared their results. (AGC Group in Asia including Japan)	A	① Continue reducing risks related to industrial safety and security	The environment → Page 45
	② Enhance management mainly through BCM · Foster risk-specific BCM at each In-house Company/SBU*7 and plants (AGC Group)	· Published the Basic Principles to Cope with Pandemic Influenza (AGC Group)	B ^{*8}	② Enhance management mainly through BCM · Carry out a group-wide BCP training session to prepare against the Tonankai Earthquake (AGC Group in Japan)	
Occupational Health & Safety	① Improve the effectiveness of the OHSMS · Obtain more third-party certifications for the OHSMS (AGC Group) · Begin conducting risk prevention activities paying attention to human factors (AGC Group)	· Obtained third-party certifications for the OHSMS at 17 sites (AGC Group) · Held the AGC Group Health and Safety Symposium with the participation of about 80 employees from eight countries and regions (The AGC Group) · The Asahi Glass Chiba and Sagami Plants and the AGC Electronics Company began disaster prevention activities focusing on unsafe human behaviors.	B ^{*9}	① Foster safety management activities globally · Improve the effectiveness of the OHSMS (AGC Group) · Enhance education on health and safety, including safety promotion activities (AGC Group) · Expand disaster prevention activities focusing on unsafe human behaviors (AGC Group)	Labour practices → Page 31
	② Foster and ensure Machinery Safety · Implement and manage the new machinery safety standard including risk assessment (AGC Group in Asia including Japan) · Expand the Safety Assessor program to Group companies (AGC Group in Asia including Japan)	· Began implementing the new machinery safety standard in April 2010 (AGC Group in Japan) · Increased the number of safety assessors by 121 people and conducted training and a qualification test for safety basic assessors in Taiwan (AGC Group in Asia including Japan)	A	② Foster and ensure Machinery Safety · Foster measures to expand the implementation of the new machinery safety standard (AGC Group in Asia) · Expand the Safety Assessor program to include more companies (AGC Group in Asia including Japan)	

*4. We define zero emissions as recycling of 99% or more of waste.
 *5. VOC (Volatile Organic Compounds) emissions: Total emissions in fiscal 2009
 *6. Reason for B evaluation: A comprehensive management system for chemical substance has been delayed.
 *7. Strategic business units (SBUs)
 *8. Reason for B evaluation: The AGC Group published the Basic Principle to Cope with Natural Disaster later than planned in March 2011.
 *9. Reason for B evaluation: A total of five serious occupational accidents took place within the AGC Group.

Diversity: Respect for People

	Targets for fiscal 2010	Major results in fiscal 2010	Self-evaluation	Targets for fiscal 2011	"Core subjects" of ISO 26000
Employee Satisfaction (ES): Employee Job Satisfaction and Pride in Accomplishment	① Create a work environment where employees can work with satisfaction and pride (AGC Group) · Continue the AGC Group Awards · Implement measures to employ and develop human resources for global management	· Conducted the third ES survey targeting about 40,000 employees (AGC Group) · Gave commendations to 122 cases at the AGC Group Awards and held an award ceremony in three regions (Asia including Japan, Europe, and North America) (AGC Group) · Continued the leader training programs and also employed three people as human resources for global management*10 (AGC Group)	A	① Create a work environment where employees can work with satisfaction and pride (AGC Group) · Give each in-house organization feedback on the third ES survey (AGC Group) · Prepare a self-inspection list for human rights and labor conditions and conduct a survey to check compliance within the Group (AGC Group) · Expand the use of work-life balance-related measures (Asahi Glass)	Human rights and Labour practices → Page 24
	② Promote quality manufacturing and development of human resources (AGC Group) · Effectively conduct the AGC Group improvement activities through scientific methods · Expand the employee training record system to management, sales, and other departments	· Began creating excellent examples for 16 themes of the AGC Group improvement activities in the model processes at three in-house organizations and seven sites · Began using the employee training record system at three in-house management organizations (Asahi Glass)	A	② Promote the development of human resources · Continue implementing measures for the development of human resources for global management*10 (AGC Group) · Expand the scope of the AGC Group improvement activities (AGC Group) · Hold educational seminars in linkage with the results of evaluating technologies and skills (Asahi Glass)	
	③ Foster the utilization of diverse human resources (Asahi Glass) · Continue to reach and exceed the statutory employment rate of people with disabilities · Examine measures to promote further utilization of female human resources	· Continuously exceeded the statutory employment rate of people with disabilities with the rate reaching 1.98% (Asahi Glass) · The rates of women employed as specialists and managers came to 10.5% and 4.1%, respectively. (Asahi Glass) · Began employing female shop floor workers (Asahi Glass)	B ^{*11}	③ Foster the utilization of diverse human resources · Expand the employment of human resources for global management*10 (AGC Group) · Continue to reach and exceed the statutory employment rate of people with disabilities (Asahi Glass) · Aspire to double the rate of women in the total number of those to be employed as specialists from the previous year level for those who will enter the Company in 2012 (Asahi Glass)	
	④ Give consideration to work-life balance (Asahi Glass) · Expand the use of the in-house support system to balance employees' work and childcare and introduce new measures	· Conducted training for work-life balance for managers six times (Asahi Glass) · Introduced a system for childcare support by babysitters (Asahi Glass)	A		

*10. Foreign students who have studied at Japanese universities and Japanese who have studied at overseas universities, who are expected to display their abilities on a global scale
 *11. Reason for B evaluation: Measures to promote the use of women have been delayed.

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

"Core subjects" of ISO 26000

Community involvement and development → Page 51



Organizational Governance

Approach to Corporate Governance

As stated in its basic policy on corporate governance, Asahi Glass clearly separates the function of “oversight” and “execution” of management, aiming to reinforce the management oversight function while ensuring quick decision-making in management execution. Under this policy, we have been implementing measures to further improve both our management system and internal control system in order to ensure highly transparent and efficient management.

Corporate Governance Structure

As of the end of March 2011, the Board of Directors of Asahi Glass comprised seven directors, including three outside directors (Fig. 1). In order to ensure the independence of outside directors, we have established our own selection criteria. We comply with these in-house criteria as well as the provision on outside directors set forth in the Companies Act.

In fiscal 2010, the attendance rate of all directors at the meetings of the Board of Directors came to 100%.

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

We have also adopted a corporate auditor system. As of the end of March 2011, our Board of Corporate Auditors comprised four corporate auditors including three outside corporate auditors.

Internal Control

In response to the enforcement of the Companies Act, Asahi Glass decided on its corporate policy over internal control at the Board of Directors meeting held in May 2006 (see page 22), aiming to review its business operation systems, including the compliance system to ensure their appropriateness.

After introducing the internal control reporting system in compliance with the Financial Instruments and Exchange Act, we set the AGC Group Internal Control over Financial Reporting Implementation Regulations. Based on these regulations, we established and have been operating and evaluating our internal control over financial reporting. We have evaluated that the internal control was effective in fiscal 2009 and 2010, and this evaluation is reported to be appropriate by an external accountant.

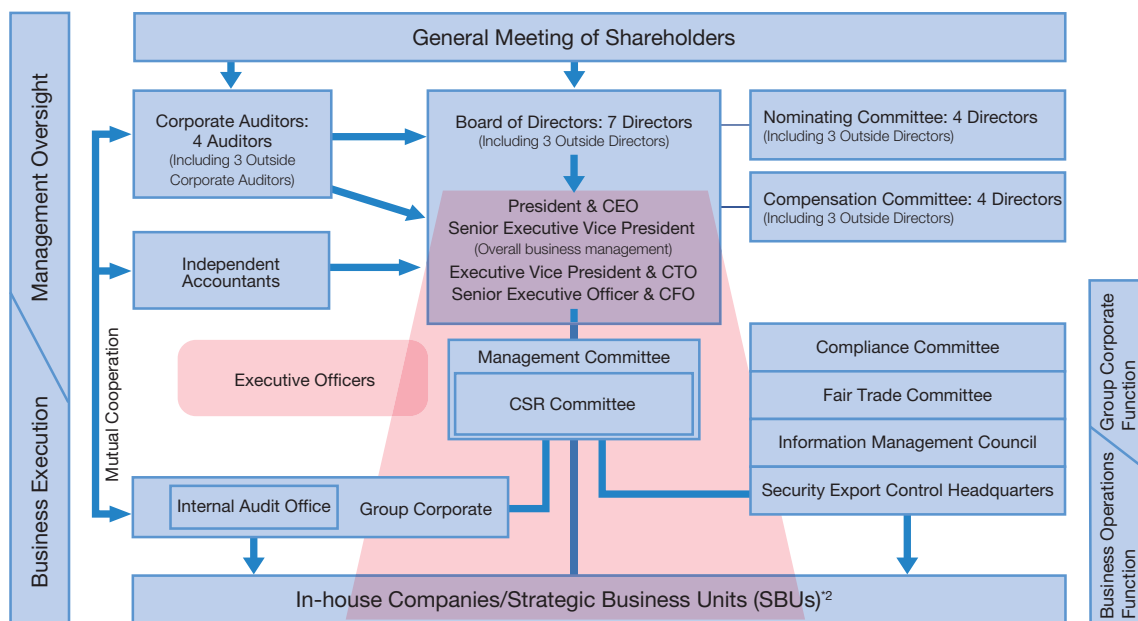
Risk Management

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

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

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

Figure 1. Corporate Governance Structure (Outline)*1



*1 As of March 30, 2011

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

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

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

Business Continuity Management (BCM)

For important risks factors which might cause large-scale accidents and disasters, the AGC Group is formulating and operating business continuity plans (BCPs). Moreover, through business continuity management (BCM) to maintain and improve BCPs, we are ensuring the implementation of the measures and plans set in the BCPs and evaluating the results. In March 2011, we published the AGC Group Business Continuity Plan Development Guideline to be followed by the In-house Companies and sites of the AGC Group in formulating BCPs in reference to the basic outlines of the measures for each risk factor set by the Group.

Measures for the Pandemic of Influenza

In October 2010, we published the AGC Group Basic Principle to Cope with Pandemic Influenza based on the actual measures taken in 2009 in response to the outbreak of the pandemic influenza, with a view to implementing anti-flu measures flexibly and globally as the entire AGC Group regardless of the virulence.

The AGC Group (Japan) introduced an emergency communication system to confirm the safety of employees and their families and conducted a drill for the system all together in November 2010.

Measures for Natural Disasters

In March 2011 we also published the AGC Group Basic Principle to Cope with Natural Disaster to prepare for natural disasters that might take place in the regions in which we operate. Based on objective reference data, we have specified natural disasters that might hit the regions and implemented measures targeting sites with high risks.

In particular, in Asia including Japan where the risk of earthquakes is very high, many of our sites have already formulated BCPs. Immediately following the Great East Japan Earthquake that took place in March 2011, we formulated a Group headquarters based on the BCPs and each in-house organization played a role in identifying the degree of damage and formulating recovery plans as the entire AGC Group. We will further improve the BCPs of the AGC Group through this experience.

Internal Audits

In the AGC Group, the Internal Audit Office directly managed by the CEO monitors the governance, internal control, and risk management to evaluate the performance levels as an organization independent from business management. The office then makes recommendations for improvement to support a range of business activities. Moreover to ensure that internal control activities are conducted effectively and efficiency in an independent manner, we have adopted a global leader system, in which regional leaders (for Asia including Japan, Europe, and North America) are appointed under a global leader. Based on this system, the regional internal audit teams monitor the in-house organizations in their regions and promote improvements, and the global leader reports the audit results to the CEO of the AGC Group, while also reporting to corporate auditors as required and making regular reports to the Board of Directors. In fiscal 2010, we conducted internal audits on the global common theme of "operating the systems built to ensure compliance with antitrust laws."

Participation in External Initiatives

The AGC Group has been participating in the World Business Council for Sustainable Development (WBCSD) since 2000. The WBCSD is an organization established for the harmonious and sustainable development of economy, the environment, and society and comprises about 200 global companies. The AGC Group is also positively conducting CSR activities in various regions and countries. For example, AGC Flat Glass (Thailand) Public has been joining the CSR-DIW initiative, which the Thai Department of Industrial Works (DIW) is fostering as an CSR certification that complies with ISO 26000 (see page 12).

Asahi Glass Receives a Prize of Excellence at the Integrity Award 2010 (Japan)

In March 2010, Asahi Glass received a prize of excellence at the Integrity Awards 2010 in recognition of the integrity and transparency of its business management. The Integrity Awards are held by the Integrity Award Council composed of experts and business managers to select and commend companies that have established internal control and compliance systems to implement advanced measures. In 2010, Asahi Glass was highly evaluated among a total of 730 nominated Japanese listed companies because the CEO had been offering integrity-oriented messages and also because the company had continued its compliance activities in a substantial manner even since after the rapid economic downturn.



Former Senior Executive Vice President Takashi Matsuzawa makes a speech at the award ceremony

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

Global Compliance System

In order to make all employees of the AGC Group aware of the importance of compliance, we have implemented compliance programs as important components of the global compliance system, which is shown in Fig. 1. Furthermore, we periodically collect compliance-related information in order to utilize it for strengthening our compliance programs and monitoring activities. The collected information, which is reported to the Board of Directors and the CSR Committee, is also shared with the In-house Companies and SBUs.


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

Code of Conduct

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

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

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

 The AGC Group Code of Conduct's common fundamental global principles (entire document) For more information, see <http://www.agc.com/english/csr/integrity/coc.html>

Compliance education provided in fiscal 2010 (AGC Group)

- Number of employees receiving online training (e-learning): approx. 4,500*1
- Number of employees receiving offline training: approx. 7,200*2

*1. In Japan, workplace dialogues on compliance were held instead of e-learning seminars.

*2. Number of employees receiving the offline training directly provided by the Compliance Committee of Asahi Glass in Asia including Japan, Europe, and North America (excluding employee education provided by each Group company)

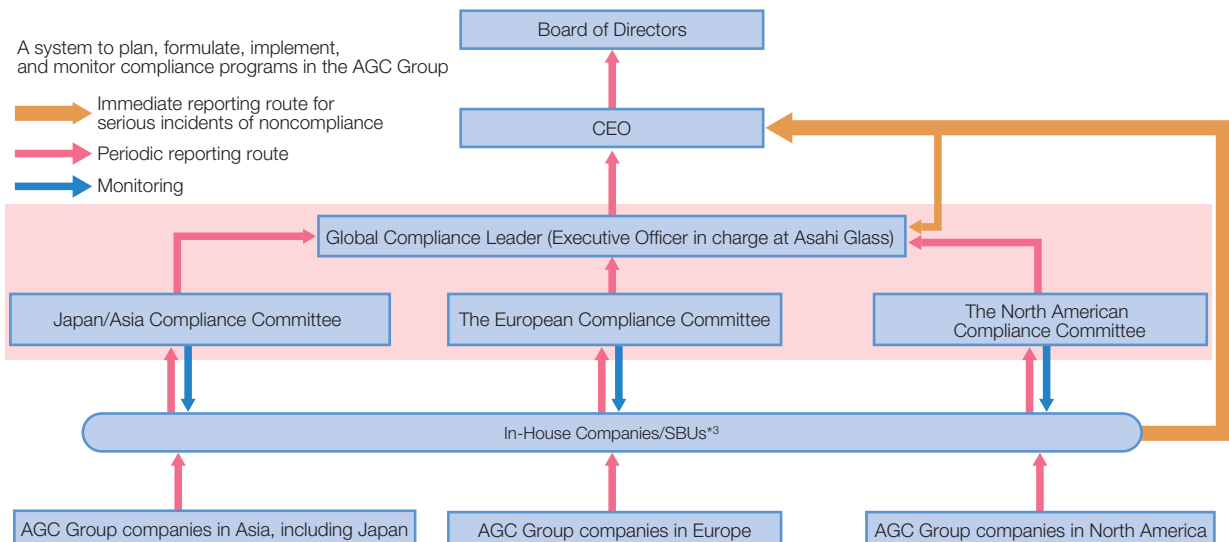


We Contribute to a Culture of Ethical Behavior

Michel Charles
Vice-President, CSR & Legal Affairs
AGC Glass Europe
Member of the European Compliance Committee

The European Compliance Committee aims to develop a culture of ethical behavior and to play an active role in the AGC Group's global compliance organization, in cooperation with the CSR Office newly established within AGC Glass Europe. Among the main initiatives taken in 2010, we developed an e-training course in compliance for white-collar workers throughout Europe which is available in 10 languages. This program turned out to be very popular since it deals with compliance as the important issue in the accessible form such as using cartoon. In addition, we pursued our antitrust training program, which in 2010 was aimed in particular at all newcomers and professionals involved in the automotive glass business. We also provided the newly hired managers with a compliance program as an integral part of the introduction education. Finally, in addition to further developing a KPI (Key Performance Indicator) for compliance, we expect to share our recent "Conflict of Interest" policy and our new European procedure for handling cases on a global basis.

Figure 1. Global Compliance System



*3. Strategic Business Units (SBUs)

Compliance Certification

The AGC Group has a program whereby employees submit certifications of compliance with the Code of Conduct on a regular basis.

This program is designed to encourage employees to renew their recognition of the importance of compliance and to review their companies' operations and workplaces for adherence to compliance requirements. In the future, we aim to collect compliance certifications from all Group employees.

In fiscal 2010, a new system which combines training and submission of certifications was launched in North America. As a result, the percentage of employees who submitted certifications increased to 99% from 27% in fiscal 2009. Accordingly, approximately 37,900 employees, or 75% of all group employees, submitted compliance certifications, whereas 32,700 employees, or 68%, did so in fiscal 2009. At Asahi Glass, all employees, including part-timers, submitted certifications.

Compliance Help Lines

The AGC Group's Help Lines, which we have in place to enhance our entire compliance program in Asia including Japan, Europe and North America, serve as contact points allowing employees to report and make inquiries regarding compliance-related issues. We are committed to protecting the anonymity of those contacting the Help Lines. We strictly prohibit acts of retaliation against persons who in good faith use the Help Lines.

We also encourage employees to make contacts to the Help Lines using their own names so that we can contact them for more information and are able to provide feedback to them as appropriate.

In fiscal 2010, the Help Lines received a total of 614 calls from employees of the AGC Group, 58 of which were made to the regional Helpline in Japan. We have regional Help Lines in Japan, South Korea, and Taiwan, as well as in Europe, North America, and China.

Measures Implemented in AGC Group Companies in Thailand and China

Initiative in Thailand

In Thailand, seven AGC Group companies jointly created a poster to increase the awareness of the AGC Group Code of Conduct among their employees. The copies of the poster are posted in the workplaces of the companies.



Compliance poster

Initiative in China

AGC Group companies in China jointly create and publish a news article on compliance titled "CP-News" on a quarterly basis.



One of the CP-News articles published in 2010

Focusing on Adherence to U.S. Government Guidelines for Compliance Programs (United States)

In the U.S., there are government guidelines urging companies operating in the U.S. to conduct compliance activities. These guidelines are based on the principle that if companies have comprehensive and effective compliance programs, they are far less likely to violate criminal laws such as antitrust and anti-bribery laws. One requirement of these guidelines is that companies have a compliance risk assessment and risk management system. For about ten years, the AGC Group (North America) has had such a risk assessment/management system in its compliance program. This year the AGC North America Compliance Committee has established a project team to assure that the region's risk assessment/management system will meet the guidelines' requirements

for the future. Already this team has begun leading an initiative designed to achieve this goal.



Members of the project team

Strengthening the Compliance Network beyond National Boundaries through a Compliance Meeting of Group Companies Operating in Three Countries (Southeast Asia)

AGC Group companies in Asia hold an annual meeting of compliance managers in their respective countries. In 2010, Group companies in Thailand, Indonesia, and the Philippines held their first joint meeting at AGC Flat Glass (Thailand) Public. At the meeting, participants were briefed on the AGC Group's compliance policies. They also shared information about the measures implemented by each Group company and mutually gave advice on compliance issues. Through these proactive exchanges, Group companies in the three countries have established an exchange network beyond national boundaries. Participants commented that

the meeting provided them with a great opportunity to share various information and ideas, which they would utilize to improve their workplaces in their home countries. The companies will further promote and enhance compliance by the use of this network.



The joint meeting held in Thailand



Participants in the joint meeting of compliance managers

Human rights and Labour practices



Voices of AGC Group and Its Regional Representatives of the Development and Use of Human Resources



Placing the Right People in the Right Jobs across the World and Localizing Operations as a Global Enterprise

Takanori Yukawa
Director, Human Resource Div.
Human Resources & Administration Office

As a global enterprise, the AGC Group began considering to formulate an employment plan in line with the Group personal distribution plan and placing the right people in the right jobs on a global level from fiscal 2011. In Japan, Asahi Glass has been promoting the employment of women in career-track positions and also foreign nationals to increase diversity in the workplace. In the future, it will become more common for the AGC Group to transfer employees across national boundaries to make better use of its human resources, for example to transfer those employed in Japan to Europe and those employed in Belgium to the United States.

We have been implementing human resource development programs globally and also by country and region. The aim of the global training programs is to develop leaders who can lead the AGC Group from a global viewpoint. These programs also help participants, who have different racial and national backgrounds, deepen their understanding of different cultures and increase solidarity as members of the Group. Training programs are also provided by region and country to develop next-generation leaders on a longer term basis.

In particular for Group companies in Asia, we will employ local people more actively and accelerate the localization of operations. We will develop managerial human resources who can make fair decisions as members of the AGC Group, regardless of their nationality or race.



Fostering Human Resource Development at Group Companies in China under the Corporate Slogan "Our People are Our Strength"

Dai Jing
Personnel Manager
AGC China

Guan Zhong, a politician during the Spring and Autumn Period of Chinese history said, "If you want to make a profit in a year, plant a grain seed. If you want to make a profit in 10 years, plant a tree. If you want to make a profit on a longer term basis, develop human resources." In today's world where globalization is accelerating and organizations are becoming more flat, it is indeed essential for companies to develop human resources if they want to survive severe market competition.

AGC China provides the managers of all Group companies in China with management training with a view to building a common foundation for human resource development at the companies. Managers receiving the training commented, "I would like to learn more about the 5S*1 concept and increase employees' awareness about it," and "I would like to study the coaching methods for training subordinates even more." The top executives of the companies also said that they wanted to help employees develop themselves through the growth of the companies, which would in turn help the companies achieve further growth.

In response in 2010, AGC China established a stratified education system to be commonly applied to Group companies in China and provided a range of education programs under the system and in 2011, we plan to further enhance the programs. As a member of the AGC Group, and under the slogan "Our People are Our Strength" which is stated in the Group's management policy, we will continue providing even more support to the companies in China to develop human resources.

*1. Promotion of the 5Ss (*seiri* [neatness], *seiton* [orderliness], *seiketsu* [cleanliness], *seisou* [cleanness], and *shitsuke* [discipline])



Targets and results Page 19

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

The AGC Group "7 Key Principles for People"

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



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

Initiatives Implemented by the AGC Group

Utilization of Diverse Human Resources

The AGC Group is a global corporate group comprising approximately 50,000 employees, who work in about 30 countries and regions. For continuous growth as a world-class global enterprise, we are increasing our organizational strength by utilizing diverse human resources based on the value of diversity. For example, exchanges of employees are made through the Research Center and Legal Affairs Office of Asahi Glass. Moreover, Asahi Glass is promoting the employment of non-Japanese students and also Japanese who have studied outside Japan. In the future, we will conduct employment activities across the Group based on a global personnel plan and enhance these activities both from a Group and a global perspective.

Respect for Human Rights

Based on the "Respect for People" principles set forth in its Charter of Corporate Behavior, the AGC Group is committed to respecting human rights, not engaging in discrimination, forced labor and child labor, and never tolerating infringements of human

rights. Also in 2010, we began conducting measures to check compliance with the principles across the Group.

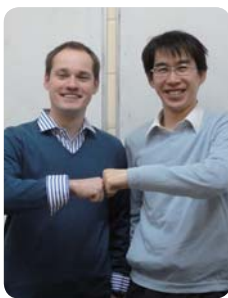
If a problem takes place regarding human rights or labor relations, the human resources department and related departments cooperate to find a solution. Moreover, we have introduced the Help Line (see page 23) through which employees can ask for advice and report any problems. Those in charge of compliance make sincere responses toward the solution of the reported problems.



Winning a Best Practice Workplace on Labor Relations and Labor Welfare Award Continuously (AGC Automotive Thailand) Building favorable working environments by acquiring SA8000 Certification (AGC Flat Glass Italy) <http://www.agc.com/english/csr/diversity/employee/pursuing.html>

AGC Group Award System

In order to foster a better corporate climate in which employees are encouraged to respect one another and appreciate their mutual achievements and efforts, the AGC Group has an award system targeting all employees. We dispatch information about the awarded excellent activities across the Group through the intranet (AGC Group Web). In fiscal 2010, we incorporated the concept of CS (see page 48) into the criteria to select activities to be commended in the field of "Innovation & Operational Excellence" under the award system because the concept of CS is an important issue that should be noted in our business operations.



Discovering New R&D Methods by Combining the Good Points of Japanese and Belgian Styles

Satoru Tomeno (right) European R&D Center AGC Glass Company (With Rostislav Losot who is his associate)

In October 2010, I was sent from the Asahi Glass Research Center in Japan to the European R&D Center in Belgium where I am engaged in research into highly transparent glass for solar devices as an exchange researcher. What I have found different between the two countries is that in Belgium, people think it more efficient to work individually while in Japan we think it more efficient to work in groups. In Belgium, I am able to spend more time on my own tasks and in improving my own ability because there are few meetings. However, this means I don't know much about the work others are doing, even the person sitting next to me; it feels rather lonely, in fact. In Japan I was aware of my role as a member of a team through weekly and monthly report meetings, but I often felt it was waste of time to attend so many meetings. Before returning to Japan, I would like to seek out new R&D methods by combining the good points of the Japanese and Belgian work styles and introduce them to my workplace in Japan.



The AGC GROUP CEO AWARDS 2010 page of AGC Group Web, where excellent activities are introduced



Commendations Awarded across AGC Group (FY2010) <http://www.agc.com/english/csr/diversity/employee/pursuing.html>



ES Improvement Activities Based on the ES Survey

Based on the 7 Key Principles for People, which comprises the AGC Group's direction in human resources management, we have been conducting AGC Group employee satisfaction (ES) improvement activities, which are essential to motivate employees to improve the quality of their work accomplishments. We therefore promote the incorporation of ES ideas and measures in the management mechanism of daily operations for all employees.

Specifically, in order to identify issues to improve ES and as a part of activities to communicate with employees, we began conducting an ES survey in 2005. Subsequently in 2007 we conducted the second ES survey targeting more employees and checked the effects of the ES improvement activities we had been conducting since after the first ES survey. We conducted a third ES survey in November 2010 in 18 languages targeting about 40,000 employees. We will continue our activities to improve ES for each job level through small follow-up meetings and other means.

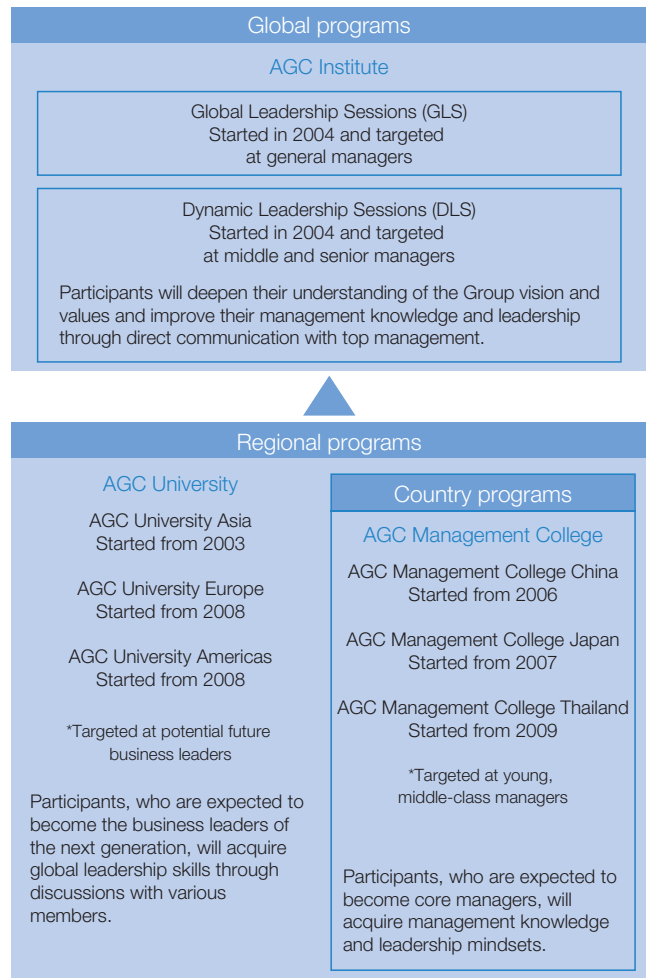
 The third ES survey
<http://www.agc.com/english/csr/diversity/employee/pursuing.html>

Leader Training by the AGC Group

Leaders of global enterprises must have a range of leadership skills and abilities based on the value of diversity. In order to develop human resources who can become the future leaders of the Group, we are globally educating employees in our leader training programs as outlined in Fig. 1, irrespective of nationality and gender.

In fiscal 2011 and onwards, in order to foster the localization of business management at Group companies in Asia, we will provide the local staff of these companies with practical training in an accelerated manner in Japan.

Figure 1. The AGC Group's Leader Training Programs



Voices of Participants in AGC University Asia 2010



Performing My Job from the Viewpoint, "What the AGC Group Will Do for the Better World?"

Kim Myung-Wook
Director
AGC Display Glass Ochang, Korea

This course has given me a lot of benefits. One of the most memorable and valuable things is the fact that I was able to build a global human network with participants from various environments and nationalities. Through this program, I have had a chance to notice what I should do for the future. As a local manager of a company belonging to the AGC Group, I would like to perform my job from the viewpoint, "What the AGC Group will do for the better world?"



Enhancing My Daily Performance and Contributing to the Fulfillment of AGC's Aspirations for 2020

Rocío Davila
Program Manager
AGC Automotive China

With the experience of this program, I would like to enhance my daily performance. Specifically, I will promote the visualization of the progress made in the projects implemented by AGC Automotive China. I will also tackle to permeate "the concept of CS." I would like to contribute to the fulfillment of AGC's Aspirations for 2020.

The AGC Group's Employee Education System

The AGC Group identifies the technologies and skills required at each workplace and provides stratified training and also training on specific technologies to develop "human assets"^{*1} who will enhance and transfer technologies and skills or who have high expertise to lead the launch of new business. Stratified training includes training on compliance, quality, the environment, safety, information security, and leadership. Training on specific technologies includes seminars on glass melting technology and on advanced organic chemistry.

Moreover, training programs to meet each In-house Company's challenges have been enhanced. Specifically, the AGC Glass Company trains its core members working at its plants in Europe, North America, and Asia on manufacturing practices based on its globally common values and methods at the Global Training Center. The AGC Electronics Company provides original seminars on technologies commonly used within the company to utilize its human assets in an appropriate but more flexible manner. The AGC Chemicals Company has independently established a training center to provide employees with education and training for the safe and stable operation of its chemical facilities.

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

Helping Employees Become High Performers

To develop a corporate foundation and culture that will encourage employees to be high performers^{*2} the AGC Group is working to provide them with opportunities to (1) learn; (2) develop themselves; and (3) exercise their abilities through study groups established beyond the boundaries of the In-house Companies. For example, we provide employees of our flat glass manufac-

turing facilities with an opportunity to experience cold repair^{*3} of melting furnace at other plants and learn from more experienced employees, because cold repair might not be carried out for next 10 or more years at their own facilities. Also through the promotion of the AGC Group improvement activities^{*4} and enhancement of the award system, we will foster the development, leadership and skills of "human assets" with high potential.

*2. Skilled and advanced engineers who take on the challenge of acquiring new technologies and skills.

*3. Large-scale maintenance work implemented after cooling down the melting furnace.

The AGC Group Improvement Activities

The AGC Group is promoting "daily improvement activities" and "even wider-reaching technical development" across the Group for the achievement of its organizational goals. The AGC Group improvement activities^{*4} are daily improvement activities to be conducted in teams formed beyond the boundaries of work processes such as those related to materials, production management, and product processing, and of job levels including managers and those on the shop floor. Employees are voluntarily engaged in these activities to attain their organizational goals, each with a clear sense of mission. To foster the activities more efficiently and effectively across the Group, we will make use of scientific methods, such as industrial engineering (IE)-based ones throughout the entire organization.

*4. In fiscal 2010, we expanded the small-group activities conventionally conducted by shop floor employees at production sites to the activities to be conducted beyond the boundaries of work processes and job levels.


 Developing Human Assets in a Comprehensive Manner
<http://www.agc.com/english/csr/diversity/employee/pursuing2.html>

Table 1. Number of Users at the Monozukuri Training Center

FY	Number
2008	30,044
2009	31,029
2010	29,664

Table 2. Annual Per-capita Training Hours at the AGC Group (Japan)^{*5}

FY	Annual training hours (hours/person)
2008	11.3
2009	12.0
2010	10.6 ^{*6}

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

*6. Training hours in 2010 are shorter than in previous years due to efficiency improvements in the educational program for new employees, etc.

Contributing to the Development of Local Human Resources by Enhancing Safety Training and Education to Promote the Transfer of Technologies and Skills (Indonesia)

PT Asahimas Chemical (ASC) produces and sells caustic soda and other chemical products. Its plant in Anyer launched a new educational organization and a training center to enhance its safety training and education to promote the transfer of technologies and skills.

At the plant, eight ASC employees who were trained as safety trainers at the Asahi Glass Chiba Plant passed on safety training skills to representatives of each group. Enlightened by the safety trainers, the number of whom was increased to 34, the employees of ASC and cooperating companies (about 1,400 people in total) improved their awareness of the importance of safety. Educational activities to promote safety and the management of health were later further expanded to include the 4,400 family members of the employees in the target. Moreover, the safety trainers have been giving seminars on chemical and environ-

mental engineering to local senior high school and university students, thereby contributing to the development of human resources of the regional society.



Training seminar on the risk of electrical shock provided by a safety trainer



Initiatives Implemented by Asahi Glass

Asahi Glass Human Resources Management (HRM) System

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

Job grading system (for managers, introduced in 2005)

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

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

Three courses are set by job role/function which provide compensation and evaluation systems based on their features.

Table 1. Employee-Related Data of Asahi Glass

Number of employees

(as of December 31, 2010, excluding those dispatched to other organizations)

Classification	Male	Female	Total	Percentage of females	
Managers	1,823	78	1,901	4.1%	
Non-managers	E Course*1	758	91	849	10.7%
	S Course*2	3,004	52	3,056	1.7%
	C Course*3	14	455	469	97.0%
	Subtotal	3,776	598	4,374	13.7%
Total	5,599	676	6,275	10.8%	

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

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

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

Other Employment Data

	Male	Female	Total
Average age	40.7	38.0	40.4
Average length of service	17 years and 5 months	12 years and 2 months	16 years and 10 months
Average overtime working hours	20.3 hours/month (average for members of the labor union)		

Career Development

Asahi Glass has the Challenging Career System in place. This is a system to encourage employees to choose jobs in which they can use their expertise, and through this system, which serves as a stimulus to our organization, we assign the right people to newly launched business and to operations that need to be enhanced. We also have the Professional System and the Meister System to appropriately utilize and evaluate those having advanced technologies and skills.

Challenging Career System

- An in-house voluntary recruitment system, under which employees apply to job offers publicly given by in-house organizations once a month (applied to a total of 148 employees as of December 31, 2010)*4
- An in-house "free agent" system, under which employees register the jobs that they wish to perform at other departments, and undergo screening individually to get the jobs (applied to a total of 87 employees as of December 31, 2010)*4

Professional System

- A system under which managers having extremely advanced technological skills and expertise are used as high-level professionals, and evaluated and treated appropriately (applied to 29 managers as of December 31, 2010)

Meister System

- A system under which engineers having extremely high skills and knowledge are used as highly skilled engineers, and evaluated and treated appropriately (applied to seven employees as of December 31, 2010)

*4. The total number of users since 1999



Human Resources Development
<http://www.agc.com/english/csr/diversity/program.html>

Protection of Human Rights and Prevention of Harassment

In Asahi Glass, the Human Rights Office of the Human Resources & Administration Office and the Compliance Group of the Group Corporate CSR Office are making joint efforts to provide employees with a work environment that is free from discrimination or harassment. For early detection of problems, we offer both internal and external contacts, through which employees can seek advice with ease of mind. In the event that a problem occurs at the workplace, we will address it not only as an individual issue, counseling the person violated, but also as an organizational issue for the workplace where the problem arose. In regard to issues of harassment, we hold preventative stratified seminars and workplace dialogue meetings. We also encourage employees to seek advice as early as possible if they encounter any form of harassment.

Further Employment and Promotion of Female Employees

At Asahi Glass, the number of female non-managerial staff (excluding those temporarily dispatched to other companies) is 598, accounting for about 13.7% of all non-managers. The number of female managers is 78 or about 4.1% of all managers. We will continue to establish necessary systems and examine measures to increase the number of female employees and managers toward the achievement of Diversity, which is one of our shared values under our Group vision.

Employment of People with Disabilities

To promote Diversity, Asahi Glass has been increasing the employment of people with disabilities. In fiscal 2008, our employment rate of people with disabilities exceeded the rate designated by law (1.80%) for the first time, since which the rate has been constantly above the statutory rate (Table 2). We will continue to make efforts to further raise the employment rate by fostering cooperation with relevant organizations.

The Special Subsidiary, AGC Sunsmile

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

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



Setting a Target for Female Employment to Provide Women with More Opportunities to Display Their Abilities

Toshiaki Tanaka
Employment Manager
Personnel Affairs Group
Human Resources & Administration Office

To increase Diversity at its workplaces, Asahi Glass regards it as an important theme to provide women with more opportunities to display their abilities. To this end, we will implement successive measures to (1) promote the employment of highly talented women and (2) create an environment that encourages female employees to display greater ability (by introducing necessary systems and mechanisms).

Of those who were employed by Asahi Glass in career-track positions through regular recruitment in fiscal 2010 (and entered the Company in April 2011), women accounted for 10.5%. We aim to conduct recruitment activities to increase the rate to almost double the previous rate for those to be employed in fiscal 2011 (entering the Company in fiscal 2012).

Employment of Retirees

In April 2006, following the revision of the Act Concerning Stabilization of Employment of Older Persons, Asahi Glass introduced a system to continuously employ retiring non-managers who meet the personnel criteria for continuous employment. The criteria are provided for in the labor-management agreement, with the aim of utilizing the expertise, technologies, and skills of retirees. Subsequently in April 2008, we introduced a new continuous employment system in view of increasing social need for the employment of retirees, after conducting surveys to identify the retirees' needs and the workplace needs to secure and transfer technologies and skills. With this change, we have expanded the range of employees who are eligible for the system, thereby enabling more employees to continue to work until they reach the legal retirement age (Table 3).

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

Table 2. Employment Rate of People with Disabilities

FY	Number of people with disabilities (actual number)	Employment rate
2006	83	1.54%
2007	94	1.74%
2008	105	1.95%
2009	104	1.97%
2010	105	1.98%

Table 3. Continuous Employment Rate of Retirees

FY	Number of reemployed retirees	Number of retirees	Continuous employment rate
2006	20	84	23.8%
2007	46	126	36.5%
2008	94	159	59.1%*5
2009	70	176	39.8%*6
2010	13	117	11.1%*6

*5. In April 2008, we introduced a new continuous employment system. As a result, the continuous employment rate increased from the levels in and before fiscal 2007.

*6. As a result of implementing a range of employment measures in response to the economic recession that hit the world in the fall of 2008, the continuous employment rate decreased from the fiscal 2008 level in fiscal 2009 and 2010. The rate, however, is expected to begin rising again in fiscal 2011.

Labor-Management Relations

At Asahi Glass, the Asahi Glass Labor Union is organized (Table 1). In labor-management negotiations, both the labor and management sides take a logical and reasonable attitude to solve problems through discussion. The labor union negotiates with the management on working and other conditions for its members.

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

Work-Life Balance

In order to help its employees perform their jobs with ease of mind and fully demonstrate their abilities at every stage of their lives, Asahi Glass is improving its workplace environment to make it more comfortable and implementing measures to help employees keep a good balance between their work and private lives.

Supporting Employees in Balancing Their Work and Childcare/Family Care

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



Comparison between Asahi Glass's Childcare Leave System and Legal Requirements
<http://www.agc.com/english/csr/diversity/employee/program.html>

Table 1. Data about the Asahi Glass Labor Union

FY	Number of members*1	Average age	Average length of service
2007	3,880	40.8	19 years and 4 months
2008	3,974	40.1	18 years and 4 months
2009	4,009	39.2	16 years and 11 months
2010	4,230	37.9	15 years and 4 months

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

Table 2. Employees Taking Childcare/Family Care Leaves

FY	No. of employees who took childcare leave	No. of employees who took family care leave
2006	30	3
2007	43*2 (Including 2 employees taking short-term leave)	5 (Including 1 employee taking short-term leave)
2008	42*3 (Including 2 employees taking short-term leave)	2
2009	54*4 (Including 2 employees taking short-term leave)	1
2010	70*5 (Including 2 employees taking short-term leave)	4 (Including 2 employees taking short-term leave)

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

*4. of which three employees were male
 *5. of which two employees were male

Annual Paid Leave

The percentage of the leave consumed came to 89.4% (average for the labor union members) at Asahi Glass in fiscal 2010 (Fig. 1). We have introduced a half-day leave system to enable employees to use their paid leave more efficiently and flexibly.

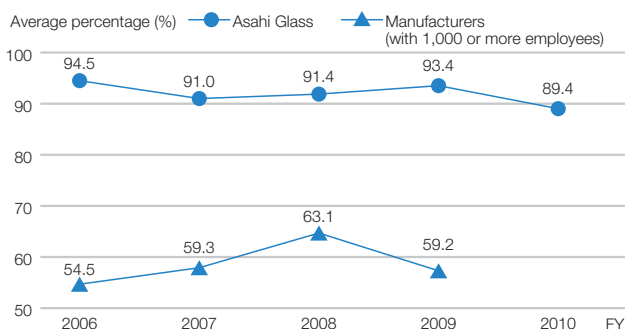
Reducing Overtime Working Hours

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

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

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

Figure 1. Average Percentage of Annual Paid Leave Used





Based on the policy, “No production should be operated without assurance of safety,” the AGC Group is ensuring occupational health and safety at its production sites by applying its occupational health and safety management system (OHSMS) and securing the equipment’s safety.

AGC Group Basic Occupational Health & Safety Policy (Revised on March 28, 2008)

The AGC Group will manage its occupational health and safety (“OH & S”) under the policy of “No production should be operated without assurance of safety,” and our leaders will ensure that our OH & S policy should be communicated, understood, and implemented throughout our Group and that all of our employees should be actively involved in the promotion of the health, safety and well-being in our work environment.

We will address any possible issues in occupational injuries and illnesses to achieve continuous improvement in our OH & S performance, based on the following guideline of “Five Axes of OH & S”:

1. We will focus on risk assessments and prevention to make our OHSMS more effective.
2. We will further improve on-site occupational health and safety programs and activities that involve all employees and develop a sustainable OH & S culture.
3. Our leaders will ensure a safe work environment for our employees and foster well-being within our AGC community.

We will ensure that OH & S is designed into our equipment and operations, and look for continuous improvement in our work environment.

4. We will implement OH & S activities in all production line activities and ensure compliance.

We will provide necessary resources and support to materialize it.

5. We will encourage proactive employee participation in all OH & S activities inspired by open, honest and fair interactions and communications.

Table 1. Number of AGC Group Sites Obtaining Third-Party Certification for Their OHSMS (as of the end of December 2010)

Coverage	Number of certified sites
Asahi Glass	2 (1)
Group companies in Japan	4 (3)
Group companies in Asia, not including Japan	8 (6)
Group companies in Europe	51 (38)
Group companies in North America	0 (0)
Total	65 (48)

*Figures in parentheses are the numbers of certified sites as of fiscal 2009.

Global Safety Management

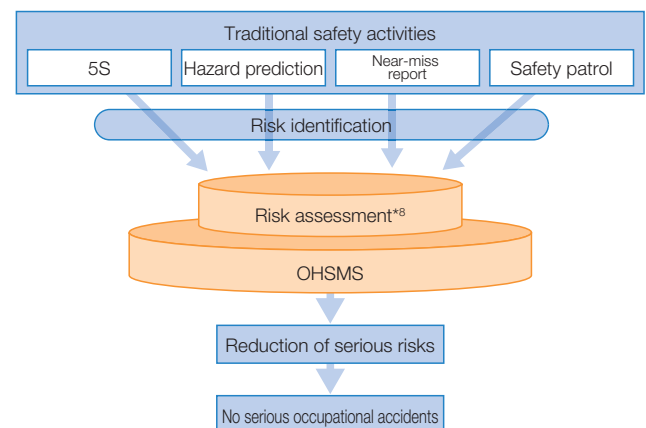
Given that people can make mistakes and machines can fail, the AGC Group is committed to identifying potential risk factors on a continual basis to reduce occupational accidents at its manufacturing sites. We are also combining our conventional safety activities*6 with the occupational health and safety management system (OHSMS) to increase the effectiveness of the activities. In addition, we encourage our sites that are self-certifying their OHSMS to obtain third-party certification for the system (Table 1).

In fiscal 2010, we also launched activities to prevent occupational accidents focusing on human factors,*7 in addition to continuing measures for Machinery Safety (see page 32). For example, the Asahi Glass Sagami and Chiba Plants launched a joint university project to research factors affecting safety behaviors, paying special attention to human errors. The AGC Electronics Company also started to interview individual workers to understand the psychological states of workers when occupational accidents occurred to identify the potential psychological causes of such accidents.

*6. Safety activities such as the 5Ss (*seiri* [neatness], *seiton* [orderliness], *seiketsu* [cleanliness], *seiso* [cleanness], and *shitsuke* [discipline]), hazard protection, near-miss management (*hiyari-hatto*), and safety patrols which are promoted traditionally

*7. Activities conducted to prevent occupational accidents focusing on unsafe behaviors

Figure 1. The AGC Group’s Concept of Safety Management



*8. Activities to comprehensively identify risks associated with equipment and work processes, to evaluate the risk levels, and to implement safety measures, prioritizing serious risks

Fifth Global Occupational Health & Safety Symposium in South Korea (Global)

The AGC Group held its Global Occupational Health & Safety Symposium in Gumi City, South Korea on November 4 and 5, 2010. It was the largest the Group had held outside Japan, with the participation of a total of 83 employees from 23 Group companies in eight countries and regions in Europe, North America and Asia. The symposium was hosted jointly by three Group companies based in the city: Asahi Glass Fine Techno Korea, Hanwook Techno Glass, and Asahi PD Glass Korea.

The main theme of the symposium was machinery safety (see page 32). Participants shared related information and know-how possessed by Group companies in Europe and North America which are advanced in this field. The symposium also raised awareness of the training for machinery safety and the Safety Basic Assessor qualification system which began to be introduced to Group companies in Asia in fiscal 2010. Participants’ comments included, “Visiting the factories of the three Korean

companies and having been briefed on their health and safety activities, I was amazed at the high health and safety levels of the companies,” “The symposium provided me with a good opportunity to learn about machinery safety, etc.” and “It might be as useful as the presentation of successful cases to introduce failures at the symposium.”



Global Occupational Health & Safety Symposium held in South Korea

Risk Assessment

The OHSAS 18001, one of the standards for OHSMS, requires worksites to make risk assessments targeting all employees, all work operations, and all equipments at the sites.

In addition to providing managers and supervisors with necessary training, the AGC Group (Japan) began conducting a Safety Promotion Activity in fiscal 2009, targeting employees who work on the front line of manufacturing. In this activity, employees in charge of manufacturing and engineering at each of the manufacturing sites are selected as Core Safety Facilitators and provided with intensive education on risk assessment and conventional safety activities. The educated employees will then serve as risk assessment instructors at each of the manufacturing sites for about six months, thereby raising the risk assessment level of the sites. On a medium-term basis, we will increase our entire safety management level and foster the development of safety leaders by assigning the participants in this activity to important jobs at our manufacturing sites.

In 2010, Group companies in Taiwan, South Korea and China also provided employees with education to improve their risk assessment levels.

Machinery Safety

To ensure safety at manufacturing sites, it is essential to enhance the Machinery Safety. To this end, the AGC Group is promoting safely designed equipments in compliance with international safety standards such as ISO 12100 while continuing to ensure the safety of existing equipments through risk assessment.

The AGC Group (Japan) encourages employees to be qualified as Safety Assessors*1 to design and introduce equipments based on the understanding of international safety standards. By the end of fiscal 2010, a total of 280 people working for the AGC Group (including employees of business partners) acquired the Safety Sub-Assessor qualifications. As for the Safety Basic Assessor qualification established in fiscal 2010 as a more basic qualification, we held four educational seminars targeting not only employees in charge of the environment, safety, and engineering but also employees in charge of manufacturing and other operations, and as a result a total of 138 obtained the qualification. In fiscal

2011, we will expand the qualification system to include Group companies in Asia.

As regards AGC Group (Japan), as for new equipment to be introduced risk assessments have been mandatorily carried out in the design and manufacturing phases since April 2010. This mandatory requirement will be implemented also on Group companies in Asia in and after 2013.

*1. Under this qualification system for skills on machinery safety, which was established by some organizations including the Society of Safety Technology and Application, Japan, there are four different levels of qualifications: Safety Lead Assessors, Safety Assessors, Safety Sub-Assessors, and Safety Basic Assessors.

Occupational Accidents

In fiscal 2010, five employees of the AGC Group (three in Asia including Japan) were involved in fatal occupational accidents (Fig. 1 and Table 1). Taking this seriously, we will accelerate measures to (1) minimize the risks of injuries and other accidents and (2) raise individual employee's awareness of safety.

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

Making Safety Efforts beyond the Boundaries of Countries and Companies (Japan, South Korea and Taiwan)

On January 9, 2010, two employees of Asahi Glass Fine Techno Korea (AFK), which manufactures glass substrates for flat panel displays (FPDs), fainted due to oxygen deficiency caused by nitrogen gas. The two were saved by other employees, soon regained consciousness and were otherwise unaffected. For the AGC Electronics Company, to which AFK belongs, this was the first oxygen deficiency-related accident. On January 15, six days after the accident, the In-house Company sent employees in charge of the environment and safety in Japan, South Korea and Taiwan, including employees of AFK, to the Asahi Glass Chiba Plant for training. The training was provided with the support of the AGC Chemicals Company, which operates many chemical reaction towers and is thus earnestly implementing measures to prevent oxygen deficiency. Specifically at the plant, the employees were given safety sensory training using safety simulators and learned how to prevent oxygen deficiency through work manuals and check sheets. All those concerned re-recognized the importance of sharing know-how and ex-

perience across the entire Group beyond the boundaries of countries and In-house Companies.



Employees in charge of the environment and safety receive training to prevent oxygen deficiency at the Asahi Glass Chiba Plant

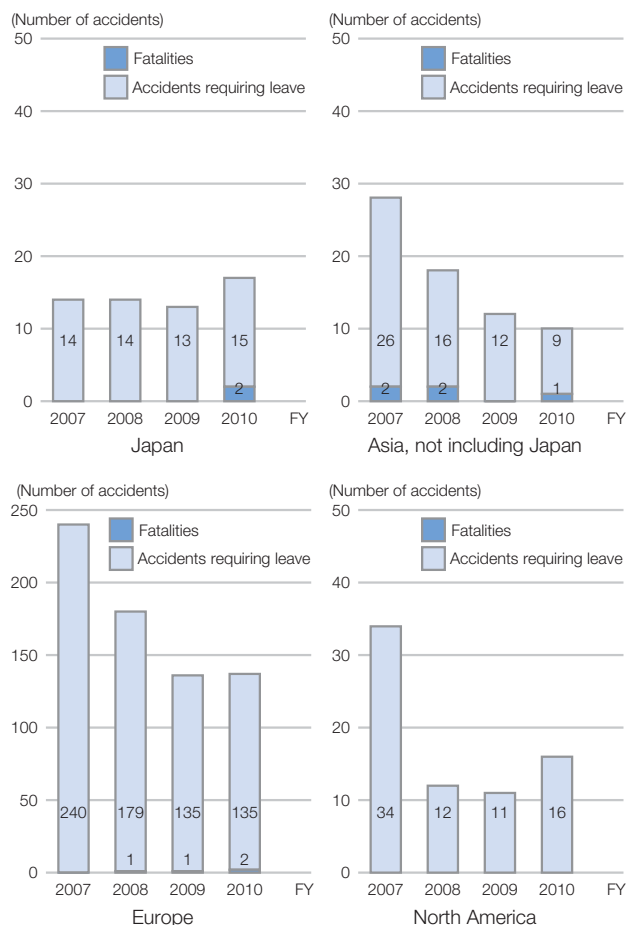
Health Management Policy

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

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

Web Health Management Policy
<http://www.agc.com/english/csr/diversity/safety/>

Figure 1. Occupational Accidents at the AGC Group



* The judgment criteria for accidents requiring leave differ between Asia including Japan, Europe and North America, which disables the simple comparison of the numbers of occupational accidents between each region.

Table 1. Number of Occupational Accidents in Fiscal 2010*2 (AGC Group in Asia including Japan)

	Asahi Glass	Group companies in Japan	Group companies in Asia, not including Japan	Total
Fatalities	0 (0)	2 (0)	1 (0)	3 (0)
Accidents requiring leave	4 (4)	11 (9)	9 (12)	24 (25)
Accidents not requiring leave	6 (6)	7 (9)	8 (5)	21 (20)
Minor injuries	27 (30)	10 (1)	Not counted	37 (31)
Total	37 (40)	30 (19)	18 (17)	85 (76)

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

* The figures in parentheses represent the numbers of occupational accidents in fiscal 2009.

Mental Health Care

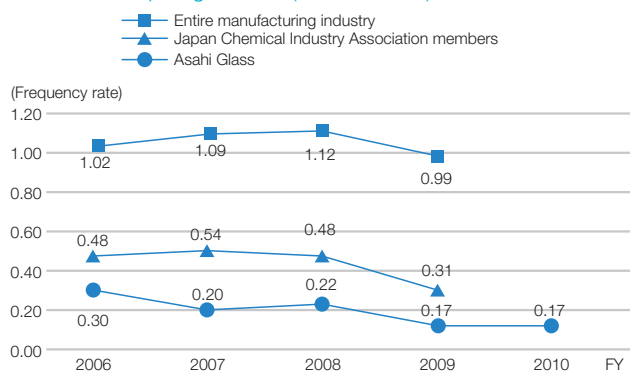
In recent years, the number of workers with mental health problems has been increasing, and this is becoming a social concern. Accordingly, Asahi Glass has been enhancing its mental health care measures for employees in line with its Health Management Policy.

Major mental health care measures taken at Asahi Glass

- (1) Employees' support program
- (2) Training for managers
- (3) Mental checkups by employees themselves
- (4) Support program for employees with mental problems to return to the workplace

Web Details of the major mental health care measures
<http://www.agc.com/english/csr/diversity/safety/>

Figure 2. Changes in the Frequency Rate for Accidents Requiring Leave*3 (Asahi Glass*4)



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

*4. Asahi Glass data include all employees working at the sites of Asahi Glass (including employees of business partners).



Participation in Safety Training Has Greatly Changed Our Attitude towards Safety

Setiawan
 Training and Monozukuri Manager
 PT Asahimas Flat Glass Tbk (Indonesia)

In the beginning, I had no idea about the effectiveness of Safety Sensory Training, safety risks or how training could change the way people think and behave. On the first day of my safety training, I was impressed the Safety Sensory Training. Then on the second day, the training became more interesting to me, because I experienced many other safety simulators and they were all very unique with their own characteristics and systems. At manufacturing sites, our safety depends on our attitude and behavior. This safety training has provided us with a great opportunity to change our safety behavior through the safety simulators. It has changed our attitude towards safety in all aspects of our lives—in our daily business operations, on the way to the office. In the future I hope that I can provide many employees with similar safety training as a trainer.

The environment



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Voices of AGC Group and Its Regional Representatives of Environmental Activities



Contributing to the creation of a Sustainable Society, Keeping in Mind the Earth's Limited Resources and Our Responsibility to the Next Generation

Shigeki Hiraoka
General Manager, MS Coordination Group
CSR Office

In the Aspirations for 2020 announced in February 2010, the AGC Group is committed to “giving consideration to environmental friendliness not only of products but also for overall production processes and business activities” as an “enterprise making contributions to a sustainable society.” To this end, we will build a system that pays even greater consideration to the global environment through our business operations.

We have long been continuing activities for the integrated environmental management system (Integrated EMS), 3Rs,^{*1} soil remediation, and reduction of substances regulated by the PRTR Act and volatile organic compounds (VOC). In particular for 3Rs, Asahi Glass (unconsolidated) achieved Zero Emissions^{*2} in 2009. We will globally foster our Zero Emissions activity by means of the Integrated EMS.

Moreover we will focus more on “delivering technology solutions for climate change,” raised in our management policy **Grow Beyond**. Specifically, we will continue measures for energy conservation and climate change, provide more environmentally friendly products, dealing with lifecycle CO₂ and the carbon footprint as well as emissions trading systems and CDM/JI.^{*3} We will also strive to manage chemical substances systematically and implement appropriate measures for biodiversity conservation, which we should persistently promote as a responsibility of a manufacturer and based on the concept of extended producer responsibility (EPR).

We will also make further contributions to the creation of a sustainable society, winning further trust from society, while keeping in mind the Earth's limited resources and our responsibility to avoid passing on any negative legacy to the next generation.



Contributing to the Prevention of Climate Change through Both Manufacturing Processes and Products

Guy van Marcke
Environment, Standardization & Safety Director
CSR Office
AGC Glass Europe

In Europe, the main environmental challenges relate to climate change and reduction of CO₂ emissions. AGC Glass Europe (AGEU) has therefore developed a two pillar environmental policy: Processes (rational energy use and reduction of greenhouse gases) and Products (development of products with a positive impact on the environment during their lifetime). This policy is fully in line with “delivering technology solutions for climate change,” which is stated as one of the most important targets in the AGC Group management policy **Grow Beyond**.

In manufacturing processes, AGEU became the first company to introduce an oxy-fuel float furnace in Europe, which together with many other measures helped the company decrease its CO₂ emissions by 6.5% between 2007 and 2010. Other actions include multi-modal transportation of raw materials and products, installing photovoltaic panels on plant roofs (see page 37), producing electricity from the heat of the flue gas, and buying renewable electricity.

Regarding products, AGEU develops many products that save and generate energy and reduce CO₂ during their lifetime: high performance coatings, triple glazing units, solar glass, etc. In the near future, the environmental impact of the products will be “visualized” through life cycle analyses.

*1. Reduce, Reuse, Recycle

*2. We define Zero Emissions as recycling of 99% or more of wastes.

*3. Flexible measures taken by countries in a cooperative manner to attain the reduction targets set in the Kyoto Protocol.

Targets and results  Page 18

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

Integrated Environmental Management System

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

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

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

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

 Integrated Environmental Management System
<http://www.agc.com/english/csr/env/act/mng.html>

The AGC Group Basic Environmental Policy

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

Basic Policy

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

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

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

Slogan

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

Guidelines for Environmental Activities

The 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.
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 Basic Environmental Policy is disclosed to the public.

Table 1. The AGC Group's ISO 14001-Certified Manufacturing Sites (As of January 1, 2011)

Location	No. of manufacturing sites	No. of certified manufacturing sites (No. of sites incorporated into the Integrated EMS)
Asahi Glass	11	11 (11)
Group companies in Japan	50	40 (36)
Group companies in Asia (not including Japan)	30	28 (25)
Group companies in Europe	50	47 (9)
Group companies in North America	17	6 (6)
Total	158	132 (87)

*As for non-manufacturing sites, a total of 88 sites are ISO 14001-certified (including the Integrated EMS).

Holding the AGC Group Environmental Forum to Share Excellent Cases of Environmental Activities (Global)

We held the AGC Group Environmental Forum 2010 at the AGC Monozukuri Training Center and the Asahi Glass Research Center on November 1 and 2, 2010 to share best practices and the challenges faced by the entire Group for the solution of environmental issues. In the forum, a total of about 120 members participated from eight countries and regions and proactively exchanged opinions about environmentally friendly products and energy conservation technologies on the theme "delivering technology solutions for climate change." Participants evaluated the forum to be very meaningful because it provided them with an opportunity to exchange information and identify regional differences in ideas and opinions about climate change. Based on the results of the forum, we will continue to promote our initiative of "delivering technology solutions for climate change" by developing technologies and providing products in consideration of the climatic and other conditions of each region.



Participants proactively exchanged opinions



Participants of the AGC Group Environmental Forum

Assessing Environmental Impact by the Use of the AGC Environmental Indicator

In 2006, based on the recognition that it belongs to an energy-intensive industry, the AGC Group introduced the AGC Environmental Indicator to analyze the environmental impact of its manufacturing activities (Fig. 2). We calculate the indicator based on the ratio of the AGC Group's sales to GDP (economic contribution) and the ratio of the emissions of substances of concern (SOC) from the Group's manufacturing activities to the total (environmental impact ratio). We can thus make a relative evaluation of the extent of any adverse impact we have on the environment to bring about a certain degree of economic effect.

Figure 1. The AGC Group's AGC Environmental Indicator

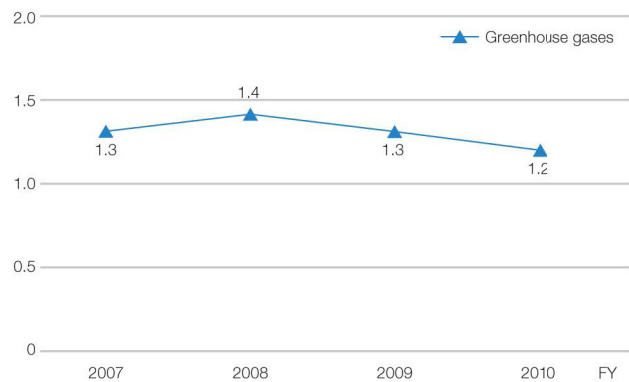
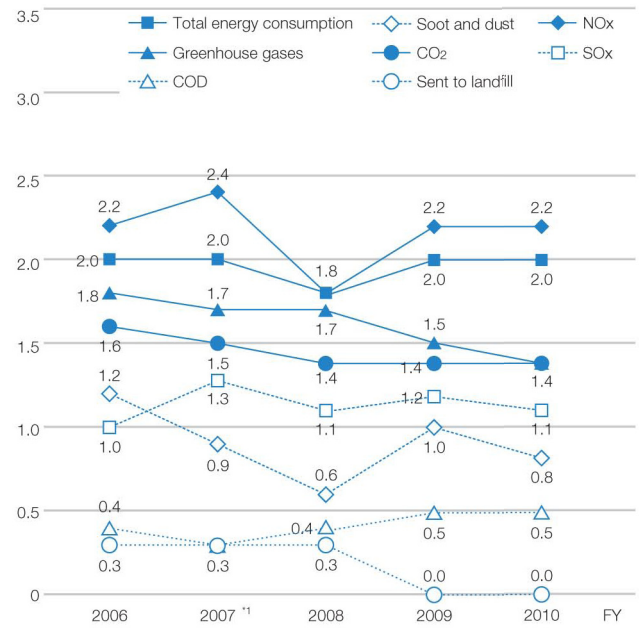


Figure 2. How to Calculate the AGC Environmental Indicator

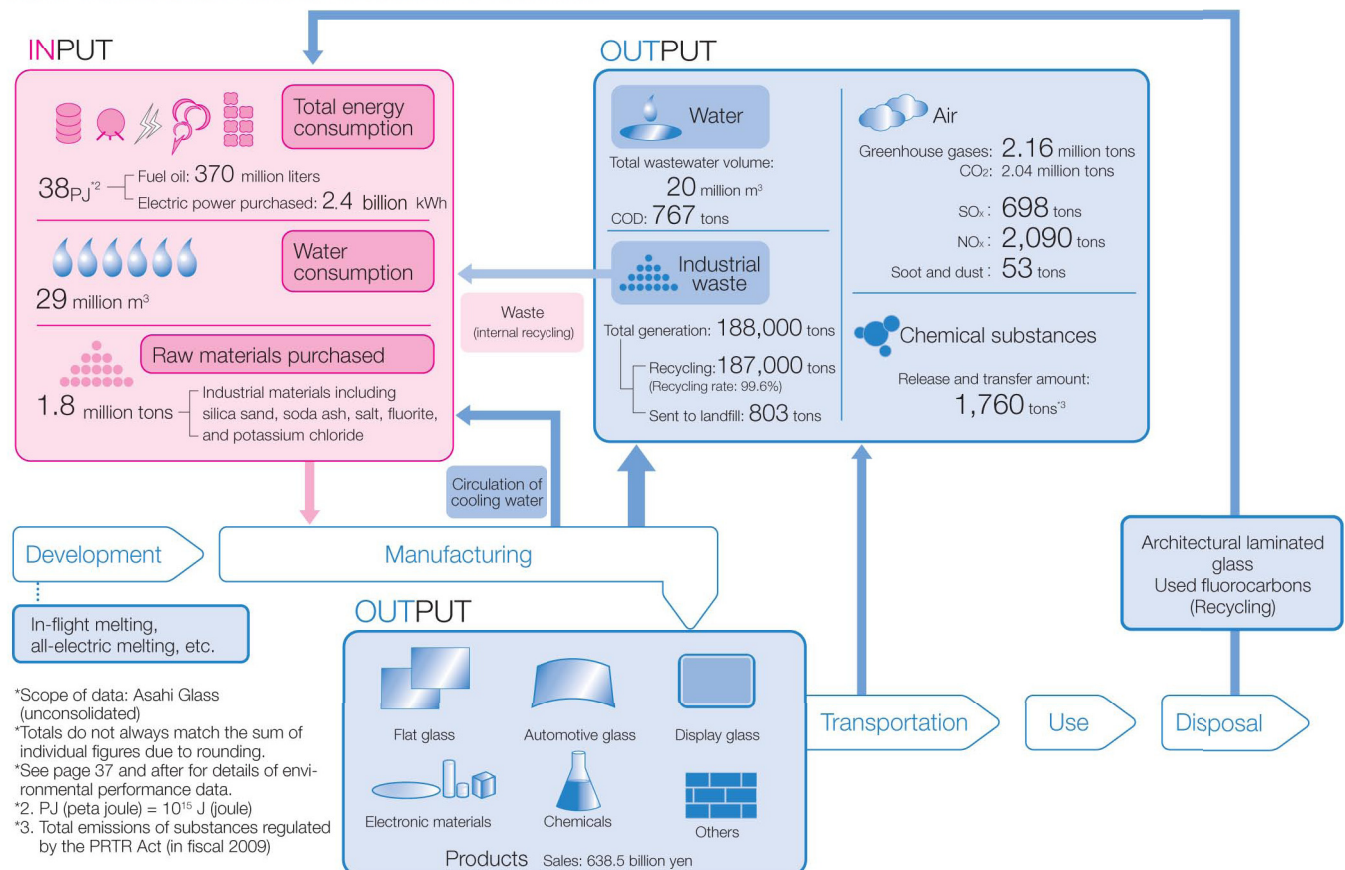
$$\text{AGC Environmental Indicator} = \frac{\text{Environmental impact ratio}}{\text{Economic contribution}} = \frac{\frac{\text{SOC emissions by Asahi Glass (AGC Group)}}{\text{SOC emissions in the world (Japan)}}}{\frac{\text{Sales of Asahi Glass (AGC Group)}}{\text{Global (Japan's) GDP}}}$$

Figure 3. AGC Environmental Indicator of Asahi Glass (Unconsolidated)



*1. At present, we aim to make improvements based on the actual results in fiscal 2007.

Figure 4. Relationship between Business and the Environment

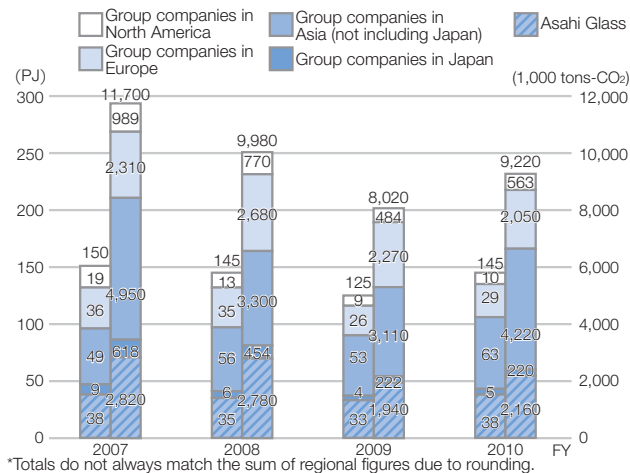


Reduction in Greenhouse Gas Emissions

The AGC Group is committed to energy conservation and the reduction of fluorinated greenhouse gas emission in its manufacturing processes. We are also fostering the technological development, manufacture, and use of photovoltaic materials and Energy-saving architectural glass as products to help reduce CO₂ emissions from society at large.

In fiscal 2010, Asahi Glass reduced its greenhouse gas emissions by 41% from the fiscal 1990 level. We achieved this by re-organizing our business structure, improving our manufacturing processes through fuel conversion and the introduction of the to-

Figure 5. The AGC Group's Total Energy Consumption (Left) and Greenhouse Gas Emissions (Right)

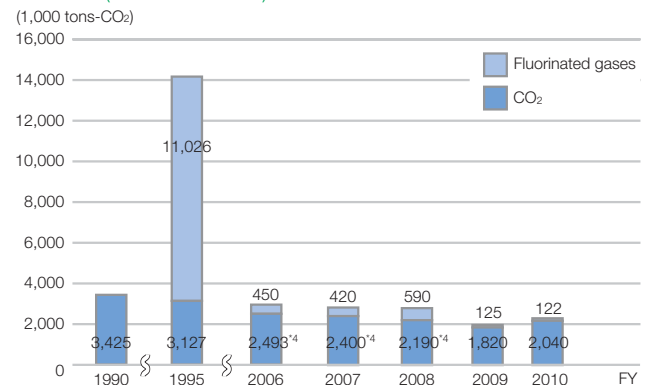


*Totals do not always match the sum of regional figures due to rounding.

tal oxygen combustion and by adopting a cogeneration system (Fig. 6). Moreover, we participated in the Japanese government's Experimental Introduction of an Integrated Domestic Market for Emissions Trading and set the target of reducing CO₂ emissions from our manufacturing processes for the first commitment period of the Kyoto Protocol (2008 to 2012) by approximately 1% from the average level for fiscal 2006 and 2007. We continued to achieve this target in fiscal 2009.

Major Measures Geared toward a Reduction in Greenhouse Gas Emissions
<http://www.agc.com/english/csr/env/act/gas2.html>

Figure 6. Asahi Glass's Greenhouse Gas Emissions (Unconsolidated)

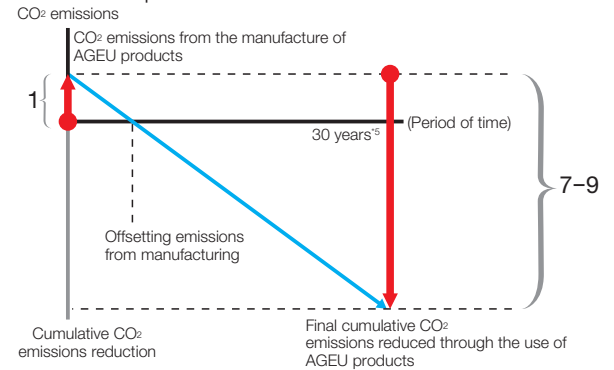


*4. For the period from fiscal 2006 to 2008, calculations were made using the statutory CO₂ conversion factor (0.555 t-CO₂/MWh) as provided for in the Act on Promotion of Global Warming Countermeasures instead of using the CO₂ conversion factors set by each power company.

Calculation of the Carbon Footprint Associated with the Manufacture and Use of Products (Europe)

AGC Glass Europe (AGEU) collected data relating to the amount of CO₂ emitted from the manufacture of its products as well as relating to the amount of CO₂ emissions reduced through the use of its products, in order to calculate its carbon footprint. As a result of making this calculation, the following fact has been revealed: for the amount of CO₂ emissions associated with the manufacture of the company's products, 73% was emitted from the plants, 8% through the transportation of raw materials and products, and 18% from the production of raw materials. For the amount of CO₂ emissions reduced by the use of AGEU products, 95% or more of the reduction is attributable to heat-insulating and solar control glass products, which provide higher energy conservation performance than the traditional glass products such as single glazing or simple double glazing glass. The amount of CO₂ emissions reduced by the use of AGEU products is seven to nine times larger than the amount of CO₂ emitted from the manufacture of its products. AGEU will continue to improve the performance of its heat-insulating glass products while improving the accuracy of the carbon footprint calculation model.

Carbon Footprint



*5. The life of products is uniformly set at 30 years except for some products.

Installing Photovoltaic Panels to Produce 3,200 MWh of Green Electricity Each Year (Italy)

AGC Glass Europe (AGEU) has been implementing the Going Green project^{*6} with the participation of all employees. One of the main objectives of this energy conservation project is to increase the percentage of green electricity consumed by its plants. At the end of 2010, AGEU installed large-scale photovoltaic panels, the cover glass of which was made by the AGC Group, on almost the entire surface of the roof of its Cuneo plant in Northern Italy, where solar irradiation is particularly high in Europe. During the peak sunshine hours about 3 MW of electricity can be generated and on an annual basis about 3,200 MWh of green electricity can be produced by the system. This yearly electric generating capacity corresponds to about 900 times the amount of electricity consumed by an average European household.^{*7} AGEU will further promote the use of green electricity in the future.



Photovoltaic panels on the roof of the Cuneo plant

*6. For details: <http://www.agc.com/english/csr/env/act/gas2.html>
 *7. The data from <http://www.energy.eu/>

Reducing CO₂ Emissions from Offices

Since fiscal 2009, the AGC Group (Japan) has been implementing an annual campaign to save energy at offices, including the head office and sales sites for three months from July to September. In fiscal 2010, each in-house organization conducted a range of activities, such as the visualization of power consumption and the promotion of eco-driving and, as a result, the Group's CO₂ emissions from offices in Japan decreased by about 20 tons.

Reducing Emissions of Greenhouse Gases Other than CO₂

As for greenhouse gases other than CO₂, Asahi Glass manufactures and sells fluorinated gases (HFCs and SF₆). In fiscal 2010, we reduced their emissions by 99% from the base year (1995) of the Kyoto Protocol (Fig.6, page 37). The amount thus reduced accounts for about 37% of the total reductions achieved in Japan in fiscal 2009 with respect to emissions of HFCs, SF₆, and PFCs which we had also been manufacturing in the past. In addition, we have been recovering fluorinated gases from our customers and breaking down and recycling them since fiscal 1997.

Reducing CO₂ Emissions from Transportation

The revised Act Concerning the Rational Use of Energy was put into effect in April 2006. As a Specified Consigner*¹ defined by the law, Asahi Glass has set the target of reducing per-unit CO₂ emissions from its transportation activities by 1% on average per year for the period from 2007 to 2011. Our transportation volume totaled 800 million ton-kilos*² (equivalent to 69,000 tons of CO₂ emissions per year) in fiscal 2006, the base year from April 2006 to March 2007.

In fiscal 2010 (from January to December 2010), due to a decrease in the ratio of marine transportation following changes made to the composition of products to be shipped, CO₂ emissions per ton-kilo increased by 0.5% year on year, but decreased by 8.2% relative to the base year. We will continue to improve our transportation efficiency by consolidating our manufacturing and transportation sites, promoting modal shift that includes the

proactive use of railway and shipping, upsizing transportation vehicles, expanding the use of low-emission vehicles and highly energy-efficient ships, and making effective use of local ports.

In November 2010, AGC Logistics was selected as a transporter who had implemented excellent modal shift measures by the Japan Federation of Freight Industries, in recognition of the fact that in fiscal 2009 the company increased the ratio of cargo transported by railroad and ship by 0.5% from the fiscal 2008 level in weight with regard to long-distance mass transportation.

*1. Under the law, companies that consign freight transportation of a volume of 30 million ton-kilos or more per year are classified as "Specified Consigners." There are 874 Specified Consigners in Japan (as of June 2009).

*2. When freight weighing one ton is carried over one kilometer, the transportation volume is represented as one ton-kilo.

Promoting the Use of Full-Trailers for Freight Transportation

To increase its transportation efficiency, the AGC Glass Company is fostering the use of large transportation vehicles, namely 27-ton full-trailers (total length: about 18 m) in Japan, where four-ton and 10-ton trucks are mainstream commercial trucks. The In-house Company is proactively promoting the delivery of cargo in a large lot by full-trailer so far as it is possible, which is by about 40% more fuel-efficient than transportation by 10-ton truck. The ratio of transportation by full-trailer increased from 5.9% in 2009 to 11.1% by the end of 2010 (on a ton-kilo basis).



Transportation by full-trailer

Reducing Environmental Impacts through Optimization by Multimodal Transportation (Europe)

AGC Glass Europe (AGEU) is improving its transportation activities for the prevention of climate change. As part of this effort, the company has been introducing multimodal transportation*³ of flat glass between its factories in Belgium, Italy and Czech and the distribution centers. Transportation by truck provides more flexibility. On the other hand, transportation by rail provides the following merits: the amount of CO₂ emitted per tonne-km is below one-sixth the amount of CO₂ emitted from transportation by truck, and glass products can be transported more safely because the train accident rate is very low. Moreover in France and Germany, where the load on trucks is strictly limited, the use of railway transportation helps increase the efficiency of transportation because the limit on the load is relaxed as a result of using railway transportation.*⁴ AGEU increased the rate of multimodal transportation to 13%*⁵ by fostering the use of railway transportation between its major

production bases in Europe in 2010. The company will further increase the rate to 20% by 2011, thereby further increasing the transportation efficiency while reducing CO₂ emissions.

*3. Transportation of goods by a single transporter, in which at least two different means of transportation, such as truck, rail and shipping are used.

*4. In France and Germany, the total weight of a truck is limited to 40 tons, but for multimodal transportation combining truck and railroad, the limit is relaxed to 44 tons.

*5. Calculated for transportation (on a tonne-km basis) of raw glass and glass for solar devices (excluding transportation in Russia)



Trailer loaded on a wagon for transportation by rail

Waste Reduction Activities

The AGC Group achieved zero emissions*6 at a total of 54 sites within and outside Japan in fiscal 2010 (in contrast to at 35 sites in fiscal 2009), including four Group companies in South Korea, which cooperated together to achieve zero emissions. We will continue to make efforts to achieve zero emissions on a global scale.

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

Proper Management of Chemical Substances

With regard to chemical substances emitted from manufacturing activities, the Japanese government started to regulate suspended particulate matters (SPM) and volatile organic compounds (VOC), which could cause photochemical oxidant formation. The regulation was intended to reduce total emissions of these substances by 30% (of which 20% should be reduced through voluntary measures taken by companies) from the fiscal 2000 level by fiscal 2010. Asahi Glass initially set a target of reducing the emissions of

these substances by 40% from the fiscal 2001 level by fiscal 2010 but subsequently increased it to 50%. In fiscal 2009, we attained the goal by achieving a 52% reduction (a 65% reduction from the fiscal 2000 level), a year earlier than planned (Fig. 2).

As for chemical substances contained in our products, we made the first registration to be completed by November 2010 under the EU's REACH regulation on chemical substances. In Japan, we participate in the Joint Article Management Promotion-consortium (JAMP) and provide information for the formulation of Article Information Sheets (AIS) and MSDS-plus. At the same time, we have registered with the Japan HPV Challenge Program as a sponsor, which is a program jointly implemented by the Japanese Ministry of Health, Labour and Welfare, the Ministry of Economy, Trade and Industry, and the Ministry of the Environment.

Figure 1. Waste Sent to Landfill and the Recycling Rates

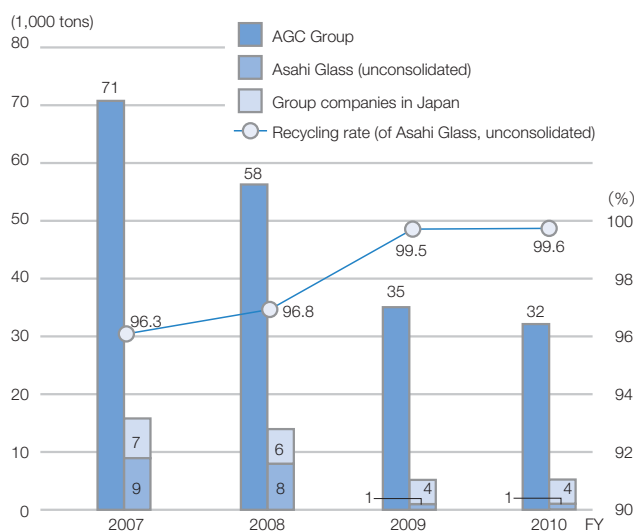
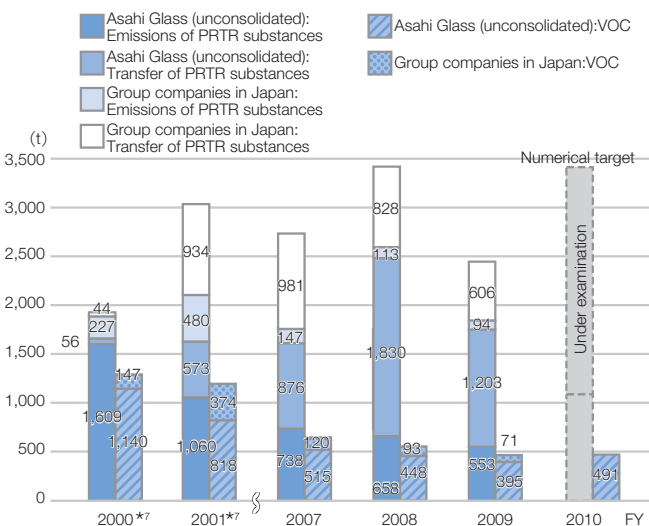


Figure 2. Emissions and Transfer of Substances Regulated by the PRTR Act and VOC Emissions



*7. As a result of recalculation, the data differs from those indicated in the same figure in the CSR Report 2010.

Providing Trainees from the OPCW with Training for the Management of Chemical Substances and the Reduction of Environmental Impacts (Japan)

The Organization for the Prohibition of Chemical Weapons (OPCW) provides training for governmental officials of fast-growing and developing countries at its headquarters in The Hague in the Netherlands, the chemical plants of the parties to the Chemical Weapons Convention and other sites. The training is provided with a view to improving implementation of the provisions of the Convention in fast-growing and developing countries.

In September 2010, the AGC Chemicals Company received a trainee each from India and Laos and provided them with one and half weeks' training for the management of chemical substances and the reduction of environmental impacts. At the Asahi Glass Chiba and Kashima Plants, the trainees were taught how to operate an environmental management system, how to conserve energy, and how to manage chemical substances such as VOCs and ozone depleting substances, and examined the related problems and solutions. After the end of the training, the

trainee from Laos commented, "I was deeply impressed with the consciousness of the AGC Group's vision **"Look Beyond"** and want local companies in my country engaged in mining, textile and sewing, and other industries to manage their business in line with similar corporate visions."



Training held at the Asahi Glass Chiba Plant

Prevention of Air Pollution

The AGC Group has been installing exhaust gas treatment facilities and improving its gas measurement and analysis technologies on a global scale, while sharing good examples and experiences of pollution prevention activities among its sites across the world.

Regarding environmental performance data, we started totaling the data of the AGC Group (Japan) in fiscal 2006 and those of the entire AGC Group in fiscal 2007 (Figs. 1, 2, 3 and Table 1).

Asbestos

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

Polychlorinated Biphenyls (PCBs)

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

Prevention of Soil and Groundwater Contamination

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

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

Figure 1. The AGC Group's Soot and Dust Emissions

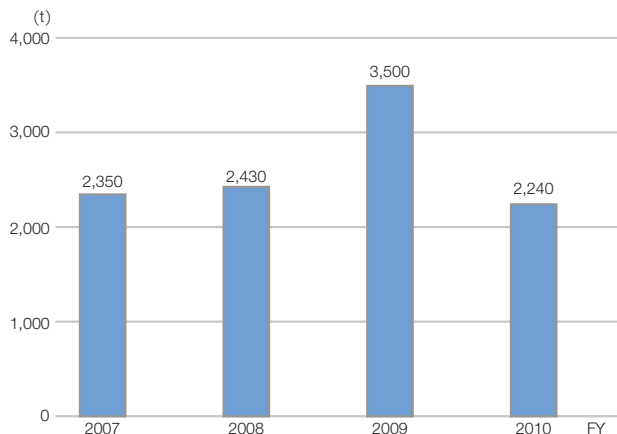


Figure 2. The AGC Group's NOx Emissions

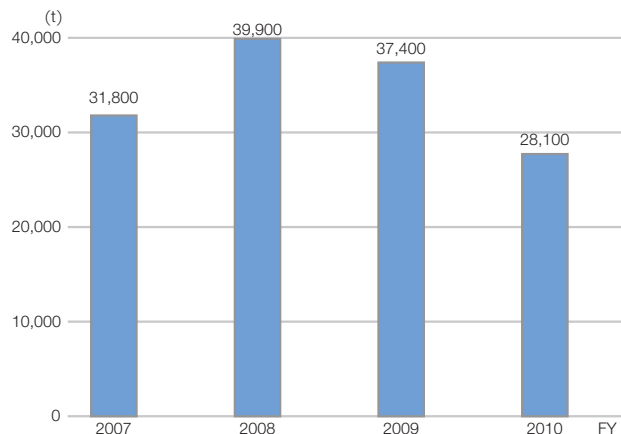


Figure 3. The AGC Group's SOx Emissions

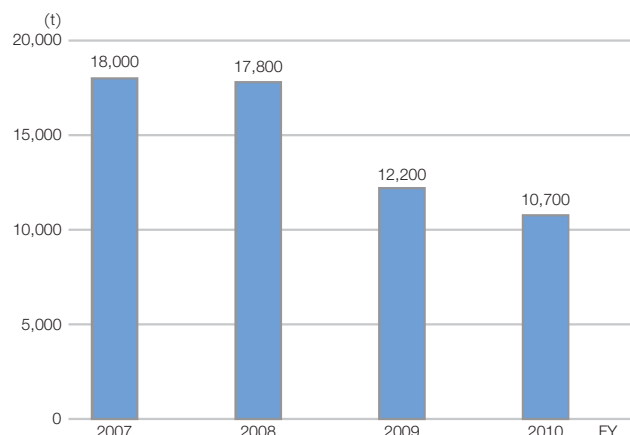


Table 1. Environmental Performance Data of the AGC Group (Japan)

	SOx emissions (tons)	NOx emissions (tons)	Soot and dust emissions (tons)	COD emissions *1 (tons)
Fiscal 2006	713 (344)	2,403 (663)	90 (183)	639 (1,489)
Fiscal 2007	857 (250)	2,520 (448)	66 (169)	644 (1,310)
Fiscal 2008	725 (147)	1,910 (251)	42 (11)	580 (1,230)
Fiscal 2009	680 (94)	2,020 (162)	58 (3)	616 (1,030)
Fiscal 2010	698 (82)	2,090 (55)	53 (4)	767 (1,027)

*The figures are for Asahi Glass (unconsolidated) while the figures in parentheses are for Group companies in Japan.

*1. Including COD emissions from wastewater (untreated) to be sent to public sewage treatment facilities

Effective Use of Water Resources and Prevention of Water Pollution

The AGC Group is fostering the recycling of cleaning and cooling water used in its manufacturing processes for the effective use of water resources. We are also committed to preventing water pollution using management indicators such as COD.



Transforming the Plant into a Green Plant by Reducing Water Use and Promoting Water Recycling

Water Saving Teams
Automotive Glass General Division
Cikampek Factory
PT Asahimas Flat Glass Tbk (Indonesia)
Surakhmat Oktavianto, Production Tempered Manager (left)
Nurtjahyo Hadikusumo, Plant Manager (middle)
Sutrisno, Production Division Manager (right)

The Automotive Glass General Division (AGGD) of PT Asahimas Flat Glass (AMG), which manufactures and sells a range of automotive glass products, consumes a large amount of demineralized water*2 in the glass cleaning process. In the demineralization system which AGGD's Cikampek Factory had been traditionally using, we need to take special care with treatment of wastewater as it contains acid and alkali. However, the plant now uses reverse osmosis (RO) systems that do not use acid or alkali for demineralization, which has enabled the plant to recycle the wastewater. The plant has reduced the use of water per unit of glass production by 47.2% for the tempered glass line and by 7.5% for the laminated glass line. We will further reduce the use of water and promote wastewater recycling to transform our plant into a green plant.

*2. Water with minerals and impurities removed

Figure 4. The AGC Group's COD Emissions

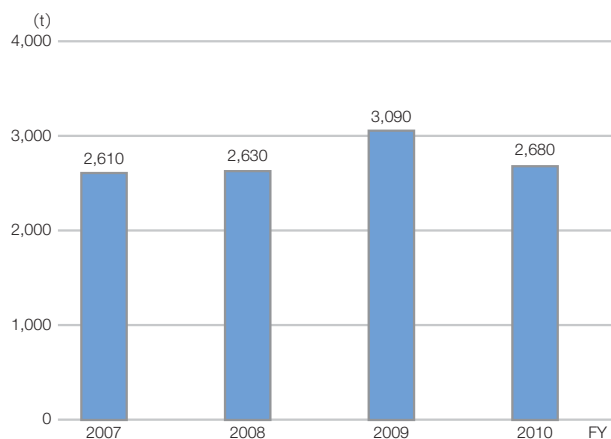
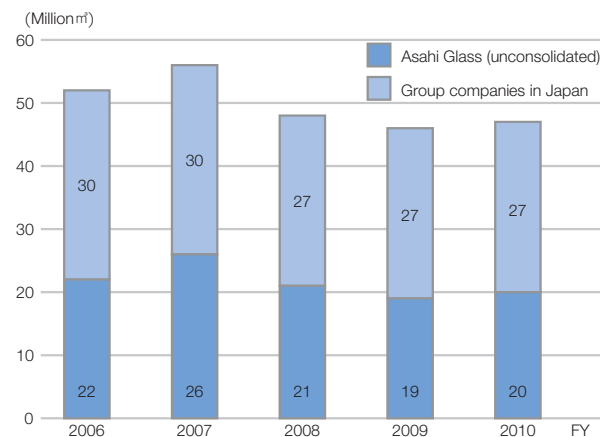


Figure 5. Total Amount of Wastewater Discharged from the AGC Group (Japan)



Use of the Selemion Ion Exchange Membrane, for the Solution of the World Water Shortage Problem

AGC Engineering is engaged in the manufacture and installation of environmental conservation equipment, and sells electrolysers that incorporate the Selemion ion exchange membranes. It is said that about 1.4 billion km³ of water exists on the Earth, most of which, however, is seawater. Fresh water that can be used by human beings accounts for only about 0.01% of the total and there are many places where fresh water is available but safe drinking water is unavailable. The Selemion is used for the concentration of seawater in the manufacture of dietary salt and for the purification, recycling, and recovering of valuable resources. The product can be applied to purify well water that is undrinkable due to high salt and nitrate concentrations to make it drinkable. At present, electrolysers incorporating this technology are in operation to produce drinkable water at 10 locations across the world.



Electrolyzer incorporating the Selemion

Organizational governance

Human rights & Labour

The environment

Operating practices & Consumers

Community

Actions for Biodiversity Conservation

The AGC Group states that it will give consideration to the influence of its activities on the natural environment including biological diversity in the AGC Group Basic Environmental Policy (see page 35). Also in April 2010 we created a document titled "Consideration for Biodiversity" and shared important criteria on biodiversity

in the course of business activities across the entire AGC Group. Asahi Glass is also a Promotion Partner for the Declaration of Biodiversity by Nippon Keidanren.

The AGC Group is also engaged in forestation activities, including planting trees in Thailand and Indonesia, and promotes the use of paper made from thinned trees in Japan.

The AGC Group's Forestation Activities



● Major Group companies and bases engaged in forestation activities

Web Actions for Biodiversity Conservation:
<http://www.agc.com/english/csr/env/act/biodiversity.html>

Expanding the Forest Volunteer Activity (Japan)

Since fiscal 2008, the AGC Group (Japan) has been conducting a Forest Volunteer activity to help employees increase their awareness of the importance of forest conservation and biodiversity conservation through tree thinning. In fiscal 2010, with the cooperation of NPO, the Institute for Forest of ISEHARA, we conducted it twice in September and November with participation of a total of 65 employees and their families. Participants thinned trees*1 with instructor's guidance and increased their environmental awareness. This enjoyable activity has increased interest in forestation and biodiversity among employees, leading to the expansion of the activity to several regions in Japan.

*1. Thinning trees that are crooked or weakened from among densely spaced trees allows sunlight to reach deep through the forest, contributing to the sound growth of remaining trees.



Contributing to Biodiversity Conservation through Tree Planting Projects (the Philippines)

AGC Flat Glass Philippines (AGPH), which manufactures and sells a range of flat glass products including those used for buildings and photovoltaic devices, contributes to biodiversity conservation through tree planting. In February 2009, AGPH actively participated in Pasig City's Simultaneous Tree Growing Project. Headed by the president of the company, a total of approximately 30 employees, along with members of NGOs and local residents, participated in planting 200 trees on the banks of the Parian Creek. Inspired by this endeavor, AGPH initiated successive tree planting projects in 2010, with the end view of preserving biodiversity. These projects were all conducted inside the plant with regular employees and contractors as participants. For 2011, AGPH aims to widen its reach by initiating tree planting projects in different communities and biodiversity hotspots in the Philippines.



AGPH members participating in a tree planting activity

Environmental Accounting

Based on the AGC Environmental Accounting Calculation Manual created in line with the Environmental Accounting Guidelines 2005 (Ministry of the Environment), Asahi Glass calculates its environmental accounting data to quantify managerial resources spent in reducing environmental impacts and resultant effects.

In fiscal 2010, both our environmental investment amount and

environmental cost increased compared with the last year. In particular, the R&D cost substantially increased. This is partly because of the continuous investment in R&D on environmentally friendly products Delivering Technology Solutions for Climate Change, as upheld in our management policy **Grow Beyond**, and also due to the accelerated development of eco-friendly production technologies.

Scope of data: Asahi Glass (unconsolidated) Target period: January 1 to December 31, 2010

Table 1. Environmental Conservation Cost (Millions of yen)

	Investment	Cost	
(1) Business area	2,610	5,883	
Breakdown	(1)-1 Pollution prevention	1,328	
	(1)-2 Global environmental conservation	1,270	828
	(1)-3 Resource circulation	12	668
(2) Upstream/downstream	0	611	
(3) Administration	0	729	
(4) R&D	3,555	13,002	
(5) Social activity	0	39	
(6) Environmental remediation	10	422	
Total	6,175	20,637	

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

Table 2. Environmental Conservation Benefits

	Change in environmental impact*2	Simple Y-to-Y change*2	Sales-corrected change*2
Total energy consumption	5PJ	15%	15%
CO ₂ emissions	220,000 t	12%	12%
Greenhouse gas emissions	220,000 t-CO ₂	11%	11%
Waste sent to landfill	-126 t	-14%	-13%
COD emissions	151 t	25%	24%
SOx emissions	18 t	3%	3%
NOx emissions	70 t	3%	3%
Soot and dust emissions	-5 t	-9%	-8%
Effect on upstream/downstream cost	Recycling of product shipment packaging materials Cullet collection		Actual benefits listed in Table 3 256,000 t
Other environmental conservation benefits	Benefits associated with transportation and other operations (not measured by Asahi Glass)		

Change in environmental impact = (Fiscal 2010 output volume) - (Fiscal 2009 output volume)
 Asahi Glass (unconsolidated) Y-to-Y sales ratio = (Fiscal 2010 sales)/(Fiscal 2009 sales) = 6,385/5,278 = 1.210
 Sales-corrected change = Simple Y-to-Y change/Y-to-Y sales ratio

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

Table 3. Economic Benefit Associated with Environmental Conservation (Actual Benefit) (Millions of yen)

Benefit	Value	Value (FY 2009)
Revenue		
Revenue from the recycling of used products and waste from core business operations	414	342
Cost reduction		
Effects of energy saving	996	1,433
Lower waste treatment costs due to resource saving/recycling	689	233

Figure 1. Breakdown of Environmental Investment

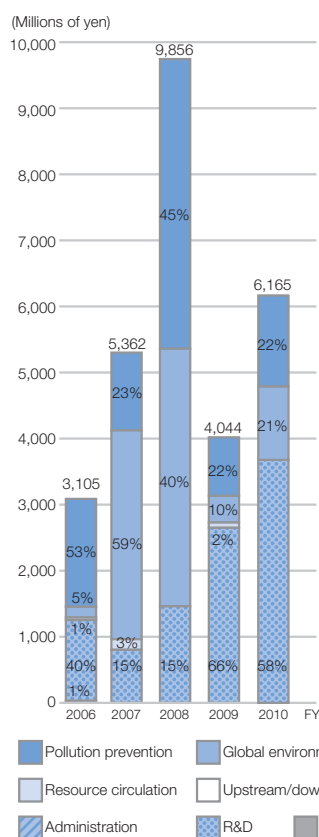
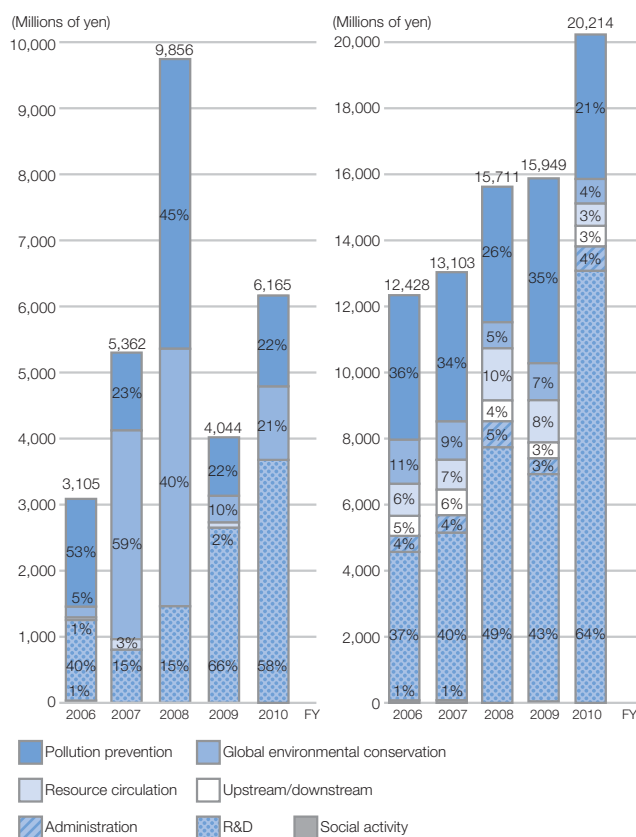


Figure 2. Breakdown of Environmental Cost



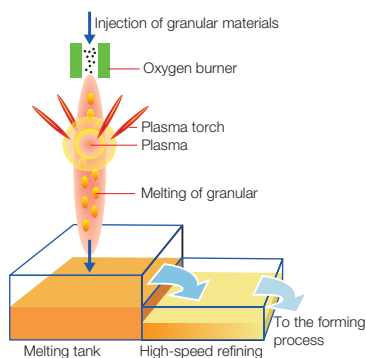
* Environmental remediation costs are excluded from the above summation because the method of allocating cost and investment differs depending on the year of calculation.
 * The breakdown figures do not amount to 100% due to rounding.

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

Making the Practical Use of the “In-Flight Melting Technology” Feasible to Halve CO₂ Emissions

The AGC Group aims to halve CO₂ emissions from glass melting, which is a process that consumes a lot of energy in glass manufacturing, by changing the manufacturing method itself. As part of this effort, we have been participating in a national project to develop in-flight melting technology.*1 In-flight melting is a method to melt granular glass materials in a high temperature environment produced by gas/oxy combustion flames and plasma, which could reach up to 10,000 °C. This method enables the instant completion of the melting process, and by adopting this method we can also substantially downsize the melting tank. We endeavored to develop the technology for each type of glass to be manufactured, such as general-purpose glass for buildings, etc. and LCD glass. As a result in fiscal 2010, it is expected that we will be able to melt the materials of general-purpose glass with only 1,200 kcal per kilogram in a small furnace with the production capacity of one ton/day. This is the world's smallest energy use for this furnace size.

*1. Commissioned by the New Energy and Industrial Technology Development Organization (NEDO), research has been conducted to identify the equipment necessary for the practical use of the technology and to study possible glass quality and the feasibility of mass production by 2013.



THERMOTECT™ Ceramic Furnace Material Helping Reduce Glass Furnace Energy Consumption

Industrial furnaces used for glass and steel production need to provide high thermal resistance while maintaining high heat insulating performance for a long period of time, which will increase their energy efficiency and prolong their product lives. The THERMOTECT™ ceramic furnace material made by AGC Ceramics has high thermal resistance and heat insulating performance. The thermal resistance is as high as up to 1,600°C which is the maximum resistance set for furnace materials. The heat insulating performance of this product can be maintained even if used at a very high temperature for long periods. Conventional heat insulating bricks and fiber-added furnace materials tend to crack due to damaged joints or contracted fibers that cause heat leakages. On the other hand, the THERMOTECT™, which is a granular product to be mixed with water and shaped into a furnace, can suppress thermal contraction and maintain high heat insulating performance for long periods of time.



The THERMOTECT™ high thermal resistance and heat insulating ceramic furnace material

GCHP™ Glass Ceramics Substrate, Increasing the Durability and Brightness of High-Output LED Lights

The use of highly energy-efficient LED lights is being expanded, from use in mobile phones and notebook PCs with low-output lighting, to LCD TVs and room lights, and further in 3D TVs, outdoor lights and others with high-output lighting. LED lights generate more heat as the output increases. The GCHP™ (G-chip) glass ceramics substrate developed by the AGC Group has higher radiation and heat resistance performance than conventional resin and alumina substrates and helps release the heat of LED chips and keeps them cool. Moreover, the GCHP™ has a 20 to 30% higher reflection rate than that of alumina substrates, which increases the brightness of LED chips more efficiently.



The GCHP™ increases the durability and luminous flux of LED chips

Energy-Saving and Large-Capacity Plastic Optical Fiber Contributing to Next-Generation Networks

As larger volumes of data are being transmitted today, the introduction of optical fibers as a replacement for copper cables is being increasingly examined for connector cables for household devices such as TVs and PCs. Compared with a copper wire, the AGC Group's FONTEX plastic optical fiber consumes about 1/20th*2 of electricity while transmitting data at an overwhelmingly high speed of 10 gigabits per second or more with the thickness and weight that are respectively 1/3rd and 1/10th of those of a copper wire. Unlike conventional quartz optical fibers, the FONTEX plastic optical fiber is easier to bend and process and has higher security, and is more suitable to use to build a home network. The product has also begun to be used by medical institutions for remote diagnosis that requires high-resolution images and by data centers that are remarkably increasing their data processing capacity.

*2. When comparing electricity used (W) to transmit 10 gigabits of data over the distance of 10 meters



FONTEX—a leading product in the next-generation super high-speed communication market

Targets and results  Page 19

The AGC Group attempts to minimize damage by implementing necessary measures to take prompt and appropriate action in the face of an emergency, in addition to the preventive measures for contingencies such as accidents and natural disasters.

Reducing Industrial Safety-and Security-Related Risks

Fire prevention

The AGC Group has been continuously improving its fire prevention activities through environment, safety and security audits on a global scale. As for the safety of high-pressure gas, the Asahi Glass Kashima Plant is an "Accredited Completion/Safety Inspection Executor" under the High Pressure Gas Safety Act.

In fiscal 2010, Asahi Glass suffered six small fires. The AGC Group (Japan) is sharing the analyzed data of past fires to prevent the reoccurrence of fires.

AGC Group Basic Industry Safety & Security Policy (Revised on March 28, 2008)

The AGC Group, in the pursuit of "Look Beyond" carries out the following activities for industrial safety & security under the principle that industrial safety and site safety are part of its responsibility towards the local community as a corporate citizen.

1. The AGC Group shall comply with all laws, ordinances, treaties and standards etc. concerning industrial safety and securities, both nationally and locally.
2. The AGC Group shall carry out activities for industrial safety & security to prevent accidents or disaster from occurring, and shall strive for continual improvement.
3. The AGC Group shall make efforts to communicate with stakeholders such as the local community.

Disaster/Environmental Accident Prevention Measures

The AGC Group's manufacturing sites regularly implement emergency drills. Asahi Glass has been sharing best practices by such measures as encouraging employees in charge of industrial safety and security at each plant to participate in emergency drills held at other sites.

Moreover the AGC Group (Japan) regularly holds training seminars on industrial safety and security to help employees in charge improve their skills. In fiscal 2010, we held educational seminars on the issue at the Asahi Glass Kansai and Sagami Plants, inviting local fire department members as lecturers.

Increasing Accident Awareness through Emergency Drills (China)

AGC Flat Glass (Dalian) (AFD), which manufactures and sells a range of architectural float glass products, has a contingency plan against the leakage of molten glass. The company also annually conducts an emergency drill to ensure that employees can make systematic responses to an emergency. In fiscal 2010, the company conducted the drill on September 28. In the drill, a leakage of molten glass was reported to the process manager and necessary notifications were given to the personnel department. In addition, an emergency response team, wearing personal protective equipment (PPE), responded to the situation using emergency tools. After the drill was over, the contingency plan was reviewed to make any necessary improvements. This annual drill helps employees take action systematically in the event of emergency and also increases their accident awareness.



Employees actually used the emergency tools in the drill

Improving the Industrial Safety & Security Level to Become an Even Safer Plant (Japan)

The Asahi Glass Kashima Plant, which manufactures float glass, chemicals, etc. has been implementing a range of industrial safety and security measures including comprehensive emergency drills to protect the lives of employees and local inhabitants, prevent secondary accidents such as environmental pollution, and continue business activities even in the event of natural disasters and serious accidents. In addition, the plant installed a seismometer at its chemicals manufacturing facilities to ensure that the facilities would be suspended automatically and safely in case of a large earthquake. The plant also diagnosed the seismic resistance of its entire facilities. For the float glass manufacturing facilities, the parts to be reinforced were identified and necessary reinforcement work for higher seismic resistance is now ongoing. This is also happening at chemicals manufacturing facilities.

When the Great East Japan Earthquake hit the plant on March 11,

2011, the interlock function of the newly installed seismometer automatically and safely suspended operations of the chemicals manufacturing facilities. As a result, there were no leakages of hazardous substances and no one was injured.



Newly installed seismometer



Comprehensive emergency drill held at the plant

Fair operating practices and Consumer issues



© AGC Glass Europe



Voices of Quality Management Systems Representatives from Each In-house Company



Increasing the Quality Management Awareness of Top Managers, Middle Managers, and Shop Floor Employees

Michel Spina
Business Excellence Manager (Europe)
AGC Glass Europe

AGC Glass Europe (AGEU) conducts workshops for top managers, middle managers, and shop floor employees, with an eye to improving the quality management awareness of these three job categories at 30 Group companies. This is in response to proposals made by the president of AGEU. For top managers, we recommend they use the methods provided by the European Foundation for Quality Management and make continuous improvements to corporate governance through external evaluations. For middle managers, we urge them to manage quality based on management systems such as ISO 9001 compliant systems and in consideration of SEQCDDM.*1 Moreover, in order to help shop floor employees become more quality conscious, we are fostering the AGC Group improvement activities (see page 27).

*1. SEQCDDM: Safety, Environment, Quality, Cost, Delivery, Development and Management



Learning More about the Know-How that Goes into our Work

Yukihiro Oshita
QMS Group Leader
CSR Office
AGC Electronics Company

Our role is to support the core business operations (improvement of productivity, cost reduction, development of new products, etc.) of the AGC Electronics Company from the aspects of safety, the environment and quality, which provide the basis for operations. We must ensure that the functions and systems necessary for safety and quality are part of the accelerated launch of new business and products by the AGC Electronics Company. For the opening of a plant to manufacture new products in Taiwan in fiscal 2010, we cooperated with local staff from an early stage to establish an appropriate quality management system and respond to audits carried out by customers to whom the plant would deliver its products. We will continue to visit the production bases of the In-house Company to conduct activities to help them in a real sense, while maintaining a solid grasp of the necessary work knowledge and also learning more about the business know-how involved, namely how to work from the standpoints of the bases.



Listening to the Opinions of Customers and Providing High-Quality Products that Meet Their Expectations

Kazuya Oharu
General Manager of CSR office
AGC Chemicals Company

The AGC Chemicals Company is committed to contributing to the creation of a safe, secure, comfortable, and environmentally friendly world with chemical technology, under its vision "Chemistry for a Blue

Planet." To this end, we have set quality policies "provide products appreciated and counted on by our customers", "value customer feedback as precious information for continuous improvement", and "make sure to implement 'Plan-Do-Check-Act' improvement cycle" for quality improvement. Based on these policies, in order to continuously improve our systems, we conduct a range of management reviews and internal audits throughout the In-house Company across national borders, and the president of the In-house Company visits customers. The president also issues a message on quality to all employees of the In-house Company on March 12 every year, which is internally designated as a "day for quality." At the same time in Japan, we have been fostering employees' awareness and sharing ideas related to quality through questionnaires and free discussions.



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

Improvement of the Quality of Products and Services

In the AGC Group, each department formulates and operates a quality management system built in compliance with quality standards, including ISO 9001. The departments continuously improve the effectiveness and efficiency of their systems in order to ensure the development of high-quality products and services while paying due consideration to safety and the environment, and to win customers' trust and satisfaction. Each In-house Company/SBU independently carries out internal audits and examinations in a manner suitable for their business and executes a Plan, Do, Check, and Act (PDCA) cycle for continuous quality improvement. The CSR Office also conducts quality monitoring across the Group to ensure the effectiveness of the management systems (Fig. 1).

Table 1. Acquisition of ISO 9001 and ISO/TS 16949*2 Certification by the AGC Group (as of the end of December 2010)

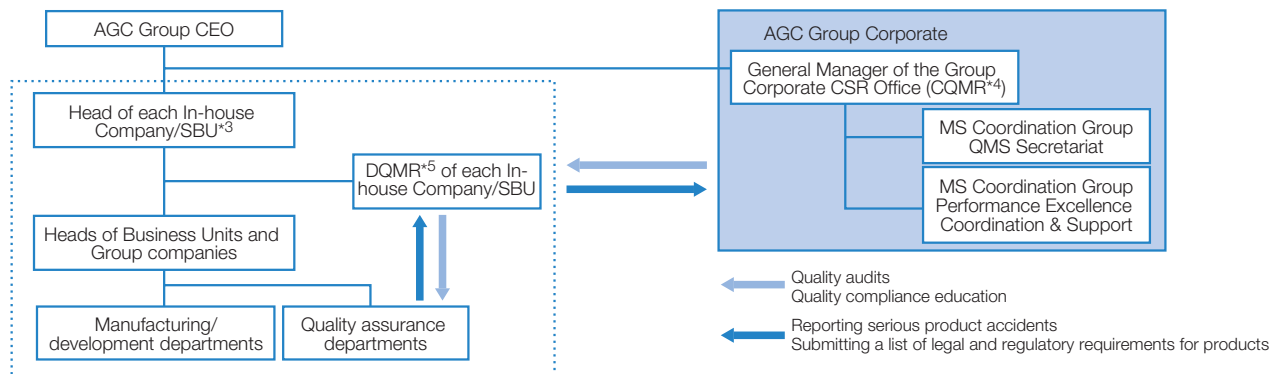
Location	Number of certified organizations
Japan	29
Asia (not including Japan)	23
Europe	62
North America	14
Total	128

*Percentage of AGC Group employees at the certified organizations: 85.4%
 *2. Standards for quality management systems to be applied in the automobile industry, which requires compliance with the global procurement criteria for automobile parts

Web Education on Product Quality
<http://www.agc.com/english/csr/fair/cs.html>

Figure 1. Quality Promotion System

Each In-house Company/SBU of the AGC Group has established a system to promote quality management in an independent manner in compliance with the AGC Group Quality Management Principle.



*3. Strategic Business Unit (SBU)
 *4. CQMR: Corporate quality management representative
 *5. DQMR: Division quality management representative

Quality Compliance

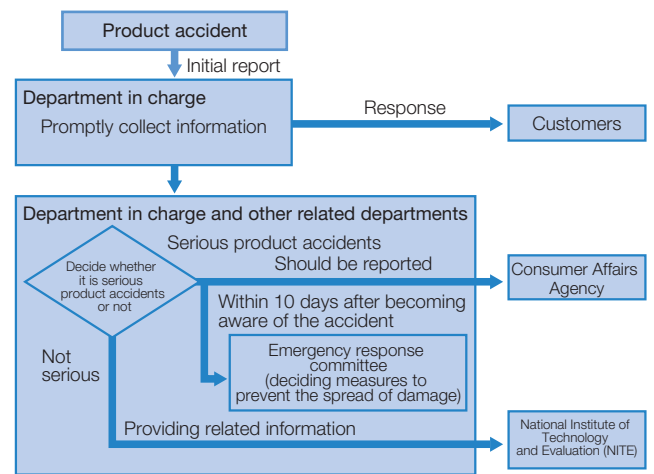
Ensuring Compliance with Product-Related Laws and Regulations

The AGC Group clarifies the legal and regulatory requirements to be met by its products, by creating a list of these requirements for each of the In-house Companies/SBUs, thereby ensuring compliance with the related laws and regulations. Moreover, in January 2011, we identified the laws and regulations that provide for product inspection methods and have since been promoting efforts to "visualize" them.

Compliance with the Consumer Product Safety Act

Asahi Glass has its own in-house rules to ensure compliance with the Consumer Product Safety Act of Japan, and has established a system to promptly report any serious product accidents to the Consumer Affairs Agency and prevent the spread of any resultant damage (Fig. 2). Moreover, we annually hold a study meeting for employees in charge to foster their quality awareness. In fiscal 2010, participants in the meeting learned about the Consumer Affairs Agency and the Consumer Safety Act. In addition, we collect and sort information on product accidents released by the Consumer Affairs Agency and National Institute of Technology and Evaluation (NITE) when it relates to AGC Group products, and are sharing the information internally. In fiscal 2010, there were no serious product accident reports.

Figure 2. Reporting Flow for Serious Product Accidents under the Consumer Product Safety Act



Organizational governance
 Human rights & Labour
 The environment
 Operating practices & Consumers
 Community

Measures to Increase Customer Satisfaction (CS)

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

CS is an abbreviation for customer satisfaction, but we do not limit “customers” to our customers in the market. We include “people and organizations who receive work-in-process within the Group” in our definition of customers. In our CS activities, every employee is encouraged to regard all those related to their work as “customers” and add value in the course of various processes with the ultimate goal of providing products and services of higher value and reliability to our customers in the market.

In fiscal 2010, we developed a simplified self-evaluation program to assess the culture of performance excellence to firmly incorporate, among other things, customer-focused approach in the “DNA” of the AGC Group.

Web Eight steps for incorporating the concept of CS into each employee’s daily work processes:
<http://www.agc.com/english/csr/fair/cs.html>

CS Education

The AGC Group provides employees with CS education to encourage them to incorporate the concept of CS into their daily work processes and offer more value to their customers. This education is given in consideration of the features of each organization and department of the Group, specifically through the CS Dialogue and the CS Seminar. In the CS Dialogue, those in managerial positions learn about self-assessment and business coaching while in the CS seminar participants are trained for improvement activities to be conducted at plants and other sites (Table 1). Over the period from the launch of the CS Seminar in 2005 to the end of fiscal 2010, a total of 331 seminars were held, in which a total of 6,367 employees participated.

Table 1. CS Education and Training Given in Fiscal 2010 (AGC Group [Asia including Japan])

Name	Target	Theme	Number of participants
CS Dialogue	Mainly managers	Business administration incorporating the concept of CS	358 participants in 21 meetings (218 participants in seven meetings overseas)
CS Seminar	Managers and general employees	Basics and tips for CS	1,173 participants in 69 meetings (339 participants in 21 meetings overseas)



Improving CS Activity Based on Voices of Customers

AGC Customer Center
 AGC Glass Products
 AGC Glass Company (Japan/Asia Pacific)

The AGC Customer Center is managed jointly by the Building Division of the AGC Glass Company (Japan/Asia Pacific) and AGC Glass Products which manufactures and sells architectural glass. This center responded to about 40,000 inquiries from customers in fiscal 2010. The opinions of customers received through the center are all recorded to be referred to in the AGC Group’s product development/improvement, sales promotion, sales, distribution support, market development, and quality assurance activities and are also disclosed online to the public as “frequently asked questions and answers.”

In order for the center to collect useful information from customers and provide them with appropriate answers, the members of the center need to improve their product-related knowledge and ability in a continuous manner. In the Corporate Call-Handling Contest 2010 held by the Japan Telecom Users Association, the center received a prize of excellence (ranked as second place among 153 participating companies in Japan) in the Industry and Public Service Division, being evaluated even higher than in the previous contest, in which it was ranked as No. 11. In this contest, specialized examiners of the association who pretend to be customers make unannounced calls to participants in the contest to evaluate and score their customer response skills.

The members of the center will make even greater efforts with the aim of increasing customer satisfaction at the frontline.

Improving the Traceability of Double-Glazing and Triple-Glazing Glass (Europe)

Asahi Glass Europe (AGEU) offers the Glass Identity service through a dedicated website,*1 which provides easy access to information about the glass products manufactured by the company in and after 2008. In Europe, double-glazing and triple-glazing glass products are used widely in houses and offices. At the website, people can obtain information about the official name, performance, glass composition and warranty period of a specific product by entering the identification code printed on the “spacer” (the inside frame of the glass). The service was initially started in Belgium, the Netherlands, and Luxembourg and has been expanded to include countries in Central Europe. By providing such a service, the AGC Group has been increasing the reliability of its products for general consumers.

*1. www.agc-glassidentity.com (service provided in Belgium, the Netherlands, Luxembourg, Czech Republic, Slovakia and Poland)



The image of identification code



The AGC Group will promote fair trade and conduct its operations in accordance with the principle of fair competition and related laws and regulations.

AGC Group Purchasing Policy

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

1. Basic Purchasing Principle

(1) Fair & equitable trade

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

(2) Compliance to related laws & regulations, and pro-environmental behavior

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

(3) Partnership

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

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

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

2. Criteria for Selecting Business Partners

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

- (1) Sound management, steady supply and flexibility to match with the fluctuating demand.
- (2) Appropriate quality, pricing, delivery data punctuality and technical service level.

3. Expectation of Business Partners

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

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

The factors related with our business partners are,

- (1) Concentrate to supply products and services with good quality, considering safety & environment and compliance to laws & regulations of each country.
- (2) Secure and proper managing of proprietary information and intellectual property.
- (3) Not to be engaged to forced labor or child labor and never tolerate infringements of human rights.
- (4) Make efforts to environment preservation and ensuring safety and security.
- (5) Maintain adequate level of occupational health and safety.

Ensuring Fair Purchasing Practices

In 2004 Asahi Glass adopted an ombudsman system for purchasing and has since been implementing the system to ensure transparency in its procurement activities and prevent misconduct. Under this system, business partners are able to report any problems concerning deals with AGC Group companies in writing to the General Manager of the Purchase and Logistics Center of Asahi Glass. We strictly respect the confidentiality of our business partners who make such reports and promptly implement measures to solve any identified problems.

In addition, we formulated the AGC Group Purchasing Policy in 2009 and have since been raising the awareness of the policy among Group companies. Moreover, we ask our business partners to support us in conducting purchasing activities in line with this policy.



Integrated Green Procurement Guideline
http://www.agc.com/english/products/shizai_03.html

Cooperation with Business Partners

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

Cooperating with our business partners is important to ensure occupational health and safety. Accordingly we hold lectures on health and safety, and invite external speakers to participate and organize tours to the plants of other companies with excellent safety records jointly with the business partners. In fiscal 2010, employees of business partners also participated in our safety promotion activities (see page 32).

For contract workers and temporary workers dispatched from employment agencies, we hold seminars jointly with business partners to ensure the legal employment of these workers. Specifically, we introduce the AGC Group’s measures and invite external experts to present lectures to help the participants deepen their understanding of the issues at hand.

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



Given an Opportunity to Identify a Possible Field of Contribution

Mr. Haruyuki Sugita
Vuteq Corporation

In the training seminar held in fiscal 2010, I was able to obtain meaningful information about a range of fields, including the relationship between mechanisms of human errors (caused by unsafe behaviors) and safety, the direction of the machinery and equipment safety on which the AGC Group was focusing, and points to remember in regard to mental health issues and labor-related laws. Many of these topics are related to the problems we face in the course of our daily operations as a business partner of the Group. The seminar provided us with tips to solve these problems and was indeed very useful. At the event with the heads of the Group’s In-house Companies/SBU, I was able to learn about each division’s situation and future management policies in-depth. I think it has provided us with a good opportunity to identify fields in which we can make more contributions to the Group as a business partner.

Legal Employment of Contract/Temporary Workers

Contract workers and temporary workers dispatched from employment agencies play an important role in the many businesses of the AGC Group. In light of this, Asahi Glass formulated the in-house guidelines for the proper treatment of these workers and held briefing sessions at each of its plants to ensure compliance with the guidelines. Moreover, we have been providing education to employees and managers in charge on the so-called cooling-off period*¹ and 26 designated jobs*².

*1. Period during which the dispatch of workers who have been engaged in the same job at the same site need to be suspended
*2. Jobs without limitations on the length of the dispatch period.



Compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors
http://www.agc.com/english/csr/fair/business_partner.html

Compliance with Antitrust Laws

The entire AGC Group is committed to complying with antitrust laws by setting relevant guidelines in addition to the AGC Group Code of Conduct. To this end, we are implementing various measures, including providing compliance education on antitrust laws by region and organization, monitoring participation in trade organizations and performing internal audits on compliance with the guidelines, among other measures.

Measures implemented in fiscal 2010 to prevent noncompliance with antitrust laws (AGC Group)

- Number of employees receiving online training (e-learning): about 5,600*³
- Number of employees receiving face-to-face training: about 1,100
- Number of internal audited sites: 36 Group companies and divisions

*3. Including participants in e-learning on compliance

Prevention of Insider Trading

The AGC Group is committed to preventing insider trading to protect its shareholders and investors and contribute to the fairness and reliability of the securities market. We clearly prohibit insider trading in the common fundamental global principle of the AGC Group Code of Conduct and raise awareness of this rule across the Group through online training and the Code of Conduct compliance certifications that are submitted by employees. Moreover, in Japan, we have our own rules on the prevention of insider trading and on the Information Management Council. Based on these rules, if an AGC Group director/employee has concerns about commencing a trade, the chairman of the council (Group CFO) will check the legality of the trade in advance, thereby preventing insider trading.

Information Security

The AGC Group promotes appropriate storage, use, and management of information and information assets based on its Information Security Policy and Standard (formulated in 2001) and its Information Security Guidelines (published in 2007). Also, we are steadily implementing a Plan, Do, Check, and Act (PDCA) cycle to continuously improve information security through education measures such as e-learning and collective training, self-checks, and internal audits.

Also with regard to the nodes that connect the AGC Group intranet with the Internet and to the management of the user IDs and passwords of the administrators of important IT devices, we diagnose the vulnerability and implement necessary measures on a regular basis.

In fiscal 2010, the AGC Group (Asia including Japan) provided employees with information security education through e-learning and also provided the employees of major Group companies with collective training. Employees in charge of information security at Asahi Glass and Group companies in Asia also communicated directly with each other to foster information security measures.

Throughout fiscal 2011, we will continue to improve the security level of the entire AGC Group by encouraging Group companies to heighten information security measures and promoting localized measures at each site or region of the Group.

Self-checks on information security in fiscal 2010 (AGC Group)

- Asahi Glass: about 6,100 (up by 1,800 from fiscal 2009*⁴)
- Group companies in Japan: about 3,400 (down 500 from fiscal 2009)
- Group companies in Asia not including Japan: about 3,300 (up 300 from fiscal 2009)
- Group companies in Europe: about 4,400 (no self-checks in fiscal 2009)
- Group companies in North America: about 1,600 (up 300 from fiscal 2009*⁴)

*4. Due to recalculation, the increase and decrease figures from 2009 differ from those calculated in the CSR Report 2010.

Measures for Intellectual Property Rights

The AGC Group regards intellectual property rights, such as patents, utility model rights, trademarks, and design rights (collectively "patents etc.") and copyrights as important intangible assets. As a global business entity, we have proactively obtained these rights to utilize them in our business operations across the world and we make strict responses to any infringements of our intellectual property rights by other companies in compliance with the local laws and regulations of each country.

We have also built systems, which include employee education, to respect the intellectual property rights of others and avoid any illegal infringements on these rights. We mandate our development departments to make continuous investigations on the patents and utility model rights of other companies as part of the R&D process. We also conduct surveys on registered patents etc. before releasing new products or beginning new business activities.

Community involvement and development



Organizational governance

Human rights & Labour

The environment

Operating practices & Consumers

Community

Voices of In-house Company and Regional Representatives of Social Contribution Activities



AGC Electronics Company Regards Fiscal 2010 as the "First Term" and Will Steadily and Continuously Conduct Social Contribution Activities

Tatsuya Nagatsu
General Manager of CSR Office
AGC Electronics Company

AGC Electronics Company had long been conducting its unique social contribution activities at each of its production bases. In March 2010, the AGC Electronics Company also formulated its own basic policy on social contribution activities in line with the announcement of Social Contribution Basic Policy made by the AGC Group held in February of the same year. The original policy was formulated with a view to conducting activities, including volunteer activities, based on unique ideas that even local people could not hit upon, not for show but for the greater good for 10, 20, and more years.

To this end, we visited all our bases, starting with those in Taiwan and South Korea, to explain the In-house Company's basic policy and repeat discussions on activity implementation in line with the policy. As a result, activity plans that reflected each base's independence and uniqueness were planned. The bases actually began implementing the plans thus formulated in the latter half of 2010. These include plans to make visits and donations to welfare facilities for children located in Yunlin, Taiwan; to provide elderly living alone in Gumi City in South Korea with Kimchi (Korean pickles) for the winter; and to donate books to a local library in Ochang in South Korea. Local inhabitants of the areas expressed their thanks for these activities.

We have decided to call each fiscal year a "term" as testimony to the durability of our social contribution activities. We hope these activities will continue over 10, 20, and more terms.



Continuing Support to Disadvantaged Children to Contribute to Local Communities

Yuanju Lin
Team Leader of Planning Group
Administration General Div.
AGC Display Glass Taiwan

AGC Display Glass Taiwan (ADT), which manufactures and sells glass substrates for flat panel displays, has its base in Yunlin in the central south of Taiwan; we therefore wanted to make some kind of contribution to this area. First of all, we decided to stimulate this area through art and culture and began providing support to a local choir in Yunlin in 2006, including financial support for its regular concerts and dispatches of employees to its charity concerts. Through this activity we have contributed to the promotion of local artistic and cultural activities. In 2010, which fell on the 10th anniversary of the foundation of our company, we decided to continuously provide financial support to a local family support center in Yunlin and to conduct volunteer activities in response to the basic policy on social contribution activities AGC Electronics Company announced the same year. We expressed our attitude by supporting disadvantaged children in the area.

Supported by ADT, the center established a library/audio-visual room named "Asahi Glass Classroom" within its facilities to provide children at the center with a space to read books. On the day the ceremony to donate money to the center was held, children of the center enthusiastically welcomed us, which was really moving and we felt really happy to be able to make a small contribution to the local community. We would like to provide long-term support to these children through such measures as proving PC-based training with employees of ADT serving as volunteer teachers.

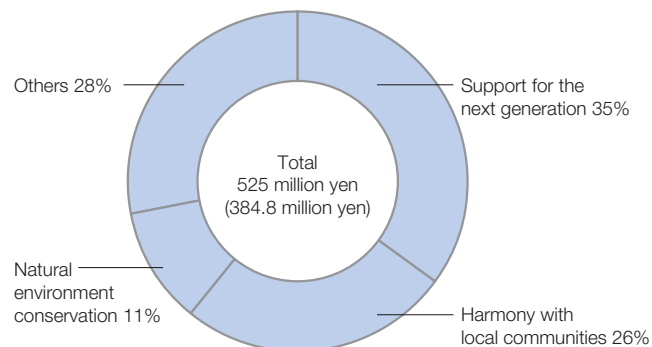


Social Contribution Activities

AGC Group Social Contribution Basic Policy

In order to accelerate our social contribution activities, we think it is important to gain more understanding from stakeholders, including customers, shareholders and investors, employees, business partners, and local communities regarding activities that the Group has long conducted globally. On the basis of this concept, the AGC Group established the AGC Group Social Contribution Basic Policy in February 2010 and we have since been engaged in a range of activities throughout the world based on this policy.

Figure1. The AGC Group's Social Contribution Expenditures in Fiscal 2010



*The figure in the parentheses represents total expenditures in fiscal 2009.

AGC Group Social Contribution Basic Policy (Established in February 2010)

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

Priority areas

1. Support for the next generation

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

2. Harmony with local communities

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

3. Natural environment conservation

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

Support for the next generation

Human resources are the most important foundation for society. In order to create a sustainable society, we believe it is essential to develop human resources on a long-term basis. Based on this belief, the AGC Group is conducting a range of activities to develop next-generation leaders.

"Open Kids' Vision" Helps Create a Sustainable Society

Thailand

AGC Flat Glass (Thailand) Public (AFT), which manufactures and sells a wide range of float glass, has been conducting an activity called "Open Kids' Vision" in cooperation with a local NGO and others, with a view to helping people living in a forest region in the western part of Thailand create a sustainable society. In fiscal 2009, AFT provided children in the region with an opportunity to experience the sea to broaden their horizons and in fiscal 2010 it began helping residents of the region lead more sustainable lives by providing them with external training. Moreover, the residents of community and AFT employees constructed a multipurpose building together and piped water from the mountains to the local school to enhance the learning environment. In fiscal 2011 AFT will support the community install electricity-generating systems that harness water from the local creek and sunlight.



Employees of AFT and local residents

Communicating the Joy of Science and Engineering through Special Classes

Japan

The AGC Group holds special classes at schools to communicate the joys of science and engineering through experiments not undertaken in ordinary classes. Since fiscal 2009 the Asahi Glass Chiba Plant has been dispatching young employees to elementary schools near the plant to give science classes where easy-to-understand explanations are made about chemical reactions through experiments using sodium bicarbonate and other substances. Since fiscal 2010 the Asahi Glass Research Center has also been providing engineering classes by a young researcher at senior high schools in Kanagawa Prefecture to let students experience the effect of laminated glass for disaster and crime resistance. Participating students said the class was interesting, because it taught them a lot about glass, which they did not know much about although it was a familiar product for them. We will continue to hold these special classes that only the AGC Group can provide in order to bring the joy of science and engineering to more students.



Comparing the weights of two liquids (Science class)



Student experienced the effect of laminated glass for disaster and crime resistance (Engineering class)

Donating Glass to Educational Institutions

The Philippines

AGC Flat Glass Philippines (AGPH), which manufactures and sells a range of flat glass products including those for buildings and photovoltaic devices, believes that good education is the foundation of a strong nation. Education opens the minds of young people and enables them to understand the duties of a responsible citizen. It is for this reason that the company pursues efforts to contribute to improving the physical condition of public educational institutions. In fiscal 2010, AGPH made successive donations of glass to two elementary schools and two senior high schools in Pasig City. The recipients of the donations were very grateful because they were able to repair buildings and other facilities and improve the educational environment for teachers and students. AGPH aims to continue this activity in line with the needs of educational institutions.



Glass donation ceremony at a local elementary school

Harmony with local communities

For the AGC Group to conduct business, it is very important for the Group to have good relations with local communities. We think that healthy enhancement of local communities is necessary for the growth of our business. We have been conducting activities to contribute to the local communities in many different areas.

Team of Volunteers Sent to Fight Unprecedented Fires

Russia

During the summer of 2010, terrible wildfires caused by an unprecedented heat wave devastated parts of Russia. The government called upon public organizations and volunteers to take an active part in the fire-fighting effort. In response, 32 employees from AGC Bor Glassworks, which manufactures and sells raw and processed glass for the construction, automotive and other industries, volunteered as fire fighters. The volunteer team left for the Vyksunsky region (approximately 140 km from Bor), after having received additional instructions on fire safety and all the necessary safety and fire-fighting equipment. Over four days, they helped the fire-fighters prevent forest fires from burning houses by digging trenches around the villages. They also contributed to preventing the fire from spreading by covering it with sand, soil or by using water. The AGC Bor Glassworks fire-fighting team was acclaimed to be among the best fire-fighting brigades.



Members of the volunteer firefighting team

Activities through Scholarship Foundations

Asahi Glass Scholarship Foundation

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

Results in Fiscal 2010

	Target	Number of students	Amount
Asahi Glass Scholarship Foundation	Japanese students	66	56.4 million yen
	Non-Japanese international students	23	26.2 million yen

Scholarship foundations in Thailand and Indonesia

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

Results in Fiscal 2010

	Target	Number of students	Amount
Asahi Glass Thailand Foundation	University students	8	96,000 baht (Approx. 270,000 yen)
Asahi Glass Indonesia Foundation	University students	54	120.05 million rupiah (Approx. 1.20 million yen)
	Senior high school students	40	47.52 million rupiah (Approx. 480,000 yen)

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

Making and Donating Kimchi

South Korea

Asahi Glass Fine Techno Korea, Asahi PD Glass Korea, and Hanwook Techno Glass are jointly conducting social contribution activities in line with the AGC Electronics Company's basic policy. In the winter of 2010, the companies conducted a unique Korean activity, making wintering Kimchi (Korean pickles). On December 3, a total of 85 employees of three companies and their families gathered together to make and package "heartfelt Kimchi," which were delivered to at least 400 households focusing on elderly people who lived alone and disadvantaged people. Through this activity employees were able to meet local inhabitants and also get to know each other. The companies will continue to conduct such activities continuously for 10, 20, and more years.



Employees and their families making Kimchi



Natural environment The AGC Group stated "delivering technology solutions for climate change" in its management policy. We will make contributions to the solution of environmental problems not only through business but also through a range of social contribution activities.

For the forest improvement activities conducted by the AGC Group, see page 42.

Share the Importance of the Environment and Safety with Families and Local Communities

United States

The Elizabethtown Plant (Kentucky) of AGC Automotive Americas, which manufactures and sells automotive glass, aims to bridge the gap between Environmental Health and Safety (EH&S) within the workplace and at home, as a core goal. To achieve this goal, the plant has been conducting an environment and safety campaign called "Live the Green Life" since fiscal 2008. At the third "Safety and Environment Children's Day" held in fiscal 2010, "Behavior Based Safety" game and a safety slogan contest were held. A banner on which the slogan that won the 1st prize at this contest (Safety is the key at AGC, for it to be it's up to me) was put up at the factory for the duration of this campaign. Through this activity, employees of the plant can share the importance of the environment and safety with their families, friends and local communities.



Participants holding green flags, the symbol of the "Safety and Environment Children's Day," in their hands



Implementing the "Donating Laminated Glass for Disaster Resistance Project" across the Country

Japan

The AGC Group (Japan) has been implementing the Glass Power Campaign since 2005 to promote the use of laminated glass for disaster resistance. As part of this campaign, we launched a project to donate laminated glass for disaster resistance to schools designated as evacuation centers and have already made donations to 23 schools across Japan. In December 2010, we donated the glass to Nishitoyama Elementary School in Shinjuku-ku, Tokyo. On the day of the donation, we also held a special class for the students of the school and let them experience the effect of laminated glass for disaster resistance and the high heat insulating and solar control performance of Ecoglass (Low-emissive double-glazing glass). We also communicated to them the fact that glass, which is a familiar product to them, contributes to mitigating earthquake damage and solving the climate change issue.



Special class held at the school



Students experienced the high performance of Ecoglass

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

Main programs implemented by the Asahi Glass Foundation

1. Research grant program

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

Results in fiscal 2010

Total number of grants: 131 (108 domestic and 23 overseas)
Total amount of grants: 295 million yen

2. Commendation program

- (1) The Blue Planet Prize (International environmental award)
 - Award ceremony
 - Commemorative lectures
- (2) Other Environment-related activities
 - Annual survey: "Questionnaire on Environmental Problems and the Survival of Humankind"
 - Information about environment-related events, including Round Table Conference on Global Environment Problems and publications

3. Publications

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

The Asahi Glass Foundation strives to contribute to the creation of a society that can transmit the genuine wealth of human civilization by supporting advanced research in the fields of science and technology and by recognizing efforts to solve environmental issues.

The Blue Planet Prize is the international environmental award annually presented to two individuals or organizations that make outstanding achievements in scientific research/application, and practices to solve global environmental problems.

The winners in 2010, the 19th year, were Dr. James Hansen of the United States and Dr. Robert Watson of the United Kingdom. The award ceremony was held in Tokyo in the presence of Their Imperial Highnesses Prince and Princess Akishino on October 26, while the commemorative lectures were given at the United Nations University on October 27. Dr. Hansen and Dr. Watson each presented a lecture; Dr. Hansen's covered "Human-Made Climate Change: A Moral, Political and Legal Issue" while Dr. Watson's focused on "Ozone Depletion, Climate Change and Loss of Biodiversity: Implications for Food, Water and Human Security."



Dr. Yoshikawa, Chairman of the Selection Committee makes an explanation about the selection process, and the recipients with their families.

Communication Activities

The AGC Group proactively discloses corporate information in a timely and appropriate manner so as to ensure sufficient communication with its stakeholders. Through such continuing efforts, we aim to incorporate the opinions of our stakeholders into our CSR activities and gain their understanding and support for our group-wide activities.

Public Relations

Based on its Group Communication Guidelines designed to ensure the accurate communication of the Group's information to the world at large, the AGC Group has established a cooperative framework among public relations sections of Asahi Glass and Group companies in Asia including Japan, Europe, and North America, and group-wide information communication rules within and outside the Group. With prompt and appropriate information disclosure and sharing, we are striving to maximize our corporate value and further promote the integrated management of the Group.

The Group ensures the timely disclosure of corporate information by appointing a person in charge at each of the In-house Companies/SBU and major Group companies to convey information to the Corporate Communications & Investor Relations Office. On that basis, the Timely Information Disclosure Committee holds regular meetings and deliberates and decides on the necessity of disclosure of matters to be resolved at the Management Committee and Board of Directors meetings based on the disclosure rules of the stock exchanges.

Asahi Glass also discloses negative information such as soil and groundwater contamination on its website and via media releases in an appropriate manner. Through careful investigation, we promptly disclose the facts with guidance from the government and experts.

Investor Relations

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

At the general meetings of shareholders, we use figures and images in reporting our business results to participants. Moreover, we are striving to provide our shareholders with more convenient services and appropriately disclose the resolutions made at the meetings. Specifically, we send the notices of convocation as early as possible and post them also online both in Japanese and English, enable shareholders to exercise their voting rights via the Internet and post notices of resolutions and the results of exercise of voting rights online both in Japanese and English.

The AGC Group holds briefing sessions on its management

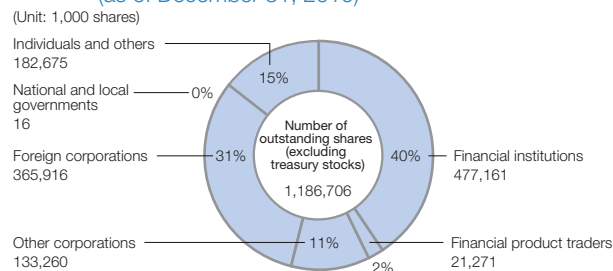
strategies and quarterly and yearly financial results. We also provide audio streaming of these briefing sessions both in Japanese and English. In addition, we hold small meetings for analysts and institutional investors and factory tours as part of IR activities. In fiscal 2010, we held about 250 interviews with analysts and institutional investors.

To help more investors including individual shareholders deepen their understanding of the AGC Group, we post materials that introduce the Group on the website. Also in fiscal 2010, we began holding briefing session for individual investors. Moreover, we publish AGC Review twice a year, which gives an easy-to-understand explanation of our global business activities and products in addition to information about our management strategies and business performance.

Returns to Shareholders

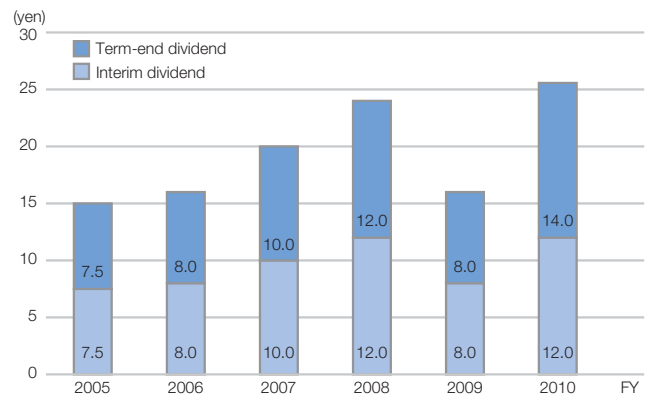
Based on a policy of maintaining stable dividends, the AGC Group is doing its utmost to return profits to shareholders at a dividend payout ratio (consolidated) of about 30%, while giving comprehensive consideration to consolidated business results and future investment plans, among others. The AGC Group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

Figure 1. Number of Shares Held by Type of Investors (as of December 31, 2010)



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

Figure 2. Dividends per Share



Communication tools

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

- Financial Results
<http://www.agc.com/english/ir/library/tanshin.html>
- Presentations
<http://www.agc.com/english/ir/library/briefing.html>
- Corporate Governance
<http://www.agc.com/english/company/pdf/governance.pdf>
- Company Overview
<http://www.agc.com/english/ir/library/gaiyou.html>
- AGC Review (Newsletter for investors)
http://www.agc.com/english/ir/library/agc_review.html
- Notice of Ordinary General Meeting of Shareholders
<http://www.agc.com/english/ir/stock/meeting>

“Sincere Behavior” in Page 18 of the CSR Report 2010

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

Summary of the opinion:

The AGC Group already meets the formal requirements for global compliance management, but I expect that it will actually promote its compliance measures and disclose the specific details of the measures to the public.

The AGC Group's response and related progress:

The AGC Group has been continuously implementing compliance measures. In this report, we have introduced the specific details of our compliance awareness activities/education implemented globally and also in each country and region.

➔ Pages 22 and 23

“Environment and Safety” in Page 26 of the CSR Report 2010

Professor Katsuhiko Kokubu, Graduate School of Business Administration, Kobe University

Summary of the opinion:

Regarding global environmental issues, I suggest that the AGC Group could focus more on environmental improvements made through the innovations of its manufacturing processes, in addition to those made by the provision of environmentally friendly products.

The AGC Group's response and related progress:

The AGC Group has been continuing the activities to conserve energy in its manufacturing processes. In this report, we have introduced the activities we are conducting to contribute to solving climate change issues at our plants in each country and region.

➔ Pages 6 to 11

“Environment and Safety” in Page 27 of the CSR Report 2010

Professor Masao Mukaidono, Department of Computer Science, Meiji University

Summary of the opinion:

I expect that the AGC Group will “visualize” the information obtained from risk assessments (RA) in each process to communicate it for those engaged in the next process and hope that the Group will continue to make concerted efforts toward building an ever greater level of safety.

The AGC Group's response and related progress:

In regard to machinery safety, which the AGC Group has been promoting, we obtain information through the RA in the design of equipments, visualize this information and communicate it to the next process. In fiscal 2010, we began to impose mandatory machinery safety at the newly introduced equipments and expand machinery safety activities to Asia.

➔ Pages 31 to 33

“Respect for People” in Page 42 of the CSR Report 2010

Ms. Kimiko Horii, President, NPO GEWEL

Summary of the opinion:

It is important for the AGC Group to further motivate employees by paying more attention to the intangible elements of diversity, such as differences in the value of individual employees, in addition to the tangible elements of diversity. As for the individual activities, I expect that the Group will continue them, prioritized in line with its management.

The AGC Group's response and related progress:

The AGC Group has been continuing its ES improvement activities making use of the ES survey. Also based on the Our People are Our Strength upheld in our management policy, we are promoting the utilization and development of global human resources.

➔ Pages 24 to 27

“Harmony with Society” in Page 50 of the CSR Report 2010

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

Summary of the opinion:

As a company with factories and offices in developing countries, I want the AGC Group to conduct more CSR activities in the regions, for which cooperation with NGOs will be useful. I hope that the Group will continue to initiate dialogue with its stakeholders including NGOs and foster role-sharing with these parties.

The AGC Group's response and related progress:

The AGC Group has been conducting CSR activities including social contribution activities in cooperation with members of local communities, including NGOs. In this report, we have introduced a site dialogue held at our factory in Thailand as a specific example of such activities.

➔ Pages 12 to 15

“Site Dialogue” in Pages 54 to 57 of the CSR Report 2010

Stakeholders of the Asahi Glass Aichi Plant

Summary of the opinion:

- I want Asahi Glass to become a company that local residents want to exist forever.
- It is important for a company to provide employees with a work environment where they can work with satisfaction and pride.
- I think the plant can publicize its efforts for environmental protection while endeavoring to make itself a greener factory.

The Asahi Glass Aichi Plant’s response and related progress:

The Aichi Plant celebrated the 40th anniversary of its foundation in 2010. The plant will continue to conduct its manufacturing activities in an environmentally friendly manner to become the most reliable factory for customers toward the 50th and 100th anniversaries of its operations. Also the plant will give more satisfaction and pride to employees by such measures as rebuilding the corporate residence constructed for employees at the time of its foundation, thereby further increasing the competitiveness of the plant.

“Third-Party Opinion” in Page 60 of the CSR Report 2010

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

Summary of the opinion:

I expect that the AGC Group will foster and report its CSR activities beyond the national boundary of Japan, including the establishment of a globally integrated environmental management system and the pursuit of true diversity including the global appointment of the right person to the right job.

The AGC Group’s response and related progress:

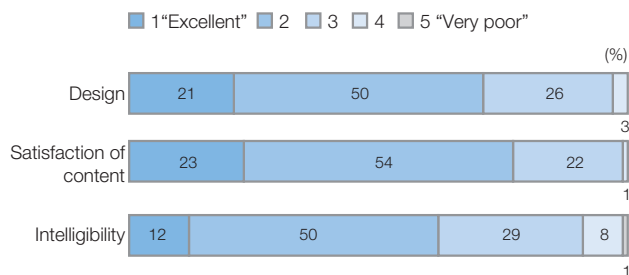
In this report, we have been promoting information disclosure on the AGC Group’s CSR activities on a global scale, beginning with Special Features.

Incorporating Internal and External Opinions in CSR Activities and Reports

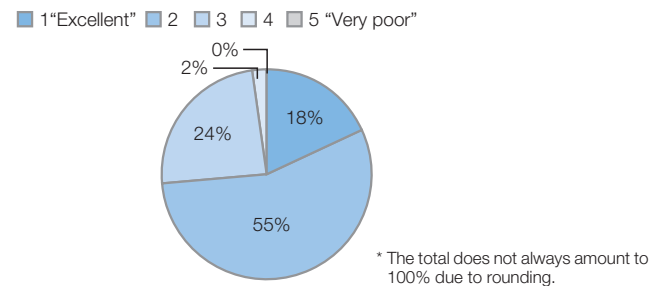
The AGC Group welcomes your opinions and comments through the enclosed questionnaire in its CSR reports and on its website. As of the end of January, 2011, we received 314 responses (180 in the previous year) through the questionnaire on the CSR Report 2010 and 855 opinions (954 opinions in the previous year) through the website.

We have referred to these replies in improving our CSR activities and next CSR report.

Comments on the AGC Group CSR Report 2010



About the Fulfillment of CSR



Some Opinions Given by Readers and Our Responses

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

- “I want to know what contributions consumers can make to society by using the AGC Group’s products.”

Response Ecoglass is one of our products that can help users reduce their CO₂ emissions. In a feature article (pages 4 and 5) and in the page on our environmental activities (page 37), we have introduced CO₂ emissions reductions that can be achieved through the use of our products.

- “I want the Group to conduct more social contribution activities with the participation of more employees, such as environmental events and localized events. It is not enough that only some employees are aware of the activities.”

Response We are conducting a forestation activity (page 42) and other social contribution activities with the participation of employees. In order to make more employees aware of these activities, we will examine opening a webpage on our social contribution activities on the intranet.

- “Although the AGC Group is a global entity, the Group seems to prioritize activities in Japan over those in other countries.”

Response In this report, we have actively introduced the activities of Group companies outside Japan. For example, on the first page of each chapter (pages 24, 34, 46 and 51), local staffs of Group companies outside Japan express their opinions on the theme of the chapter.

- “The Group needs to introduce more about employees working in its plants and other sites.”

Response In the feature article on pages 6 to 11, we have introduced the measures that our bases in North America, Europe, and Asia including Japan are implementing to contribute to solving climate change issues, together with the introduction of employees working at the sites.

We Have Received Third-Party Opinions about This AGC Group CSR Report 2011



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

In the Third-Party Opinion of the previous CSR report, I pointed out that the report seemed to focus too much on topics in Japan in contrast to the size of the AGC Group's global business operations. With regard to this, I have noticed great improvements in this year's CSR report. I now expect that the AGC Group will make steady progress toward the establishment of an integrated CSR management system as an entire Group, including all its 141 consolidated Group companies located outside Japan—indeed no easy feat.

It is impressive that in this report the AGC Group has confirmed its commitment to formulating an employment plan in line with the Group personal distribution plan and fostering the placement of the right people in the right jobs as a global enterprise. In Japan, companies have been focusing on the employment and use of female employees in their diversity promotion measures. It is, however, urgently required for companies to become enterprises capable of attracting talented people from across the world and provide them with workplaces where they can work vibrantly. In the process, the companies will have to implement additional measures for human rights and labor practices. I expect that the AGC Group will report its progress in this field in an integrated manner in its future CSR reports.

I paid attention to the message from the president of the AGC Group that the Group would develop technologies and services

that meet the expectations of society by listening to the comments of stakeholders. In this context, I appreciate that the Group reports on the stakeholder dialogue held in Thailand and also describes in detail their responses to external opinions and the progress made with related activities. In its future CSR reports, I expect that the Group will report the realization of challenges to be tackled by each organization in response to the feedback and expectations of its stakeholders and society. For example, this report has no specific remarks about the Group's awareness of the environmental impacts caused by mining of silica sand, material salt and fluorites, although the report says that the Group has a clear recognition that it consumes a lot of energy as a glass manufacturer. The report also does not describe the Group's approach to the fluorinated solvent business, which it has long been engaged in.

I, of course, have positive expectations for the AGC Group's foundations for growth with the idea of Delivering Technology Solutions for Climate Change. In particular, cover glass for photovoltaic cells, transparent conductive oxide (TCO) glass substrates for thin film silicon photovoltaic devices, and highly transparent glass and high reflection mirrors for concentrated solar thermal systems, seem to be very promising. I want the Group to report its technological developments and business expansion in chronological order in its future CSR reports.

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

In Response to the Third-Party Opinions



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

In this report, we have introduced the global CSR activities conducted by the AGC Group as a global enterprise that makes contributions to the creation of a sustainable society.

In the feature articles written on the theme of Delivering Technology Solutions for Climate Change, which we uphold in our management policy **Grow Beyond**, we have introduced measures that our bases in each country and region conducted based on the policy of each In-house Company as mentioned in the previous CSR report. We have also introduced products that contribute to solving the climate change issue. As for the pages that report on our CSR activities, AGC Group members talk about the activities conducted in each country and region based on the Group's policies. Also in this CSR report, we have introduced the dialogue meeting held at a Group company in Thailand to promote localized CSR activities.

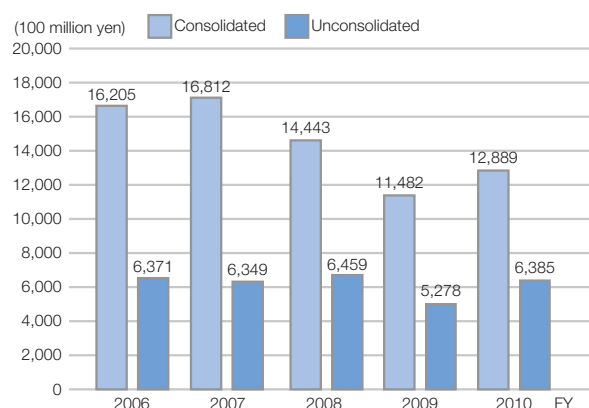
The AGC Group deems it important to further accelerate its global CSR activities. We will identify what we should do to fulfill our CSR in each country and region and conduct related activities as part of our business operations, thereby contributing to the creation of a sustainable society and becoming a enterprise that is counted on and supported by society. We look forward to receiving frank opinions and comments from readers of this report.

Corporate Data

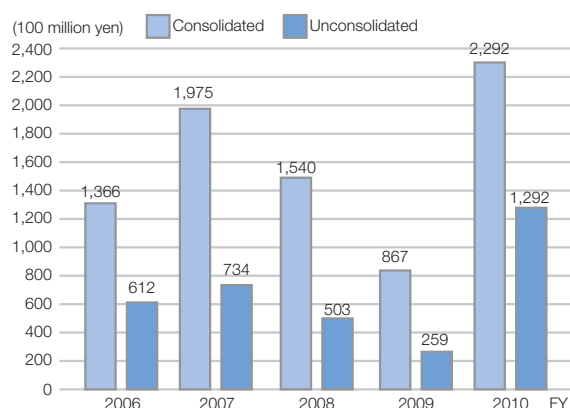
- Name Asahi Glass Co., Ltd. (Global brand: AGC)
- Head Office 1-12-1, Yurakucho, Chiyoda-ku, Tokyo 100-8405, Japan
1-5-1, Marunouchi, Chiyoda-ku, Tokyo 100-8405, Japan (from August 16, 2011)
- Founded September 8, 1907
- Incorporated June 1, 1950
- Capital 90,873 million yen
- Outstanding stock 1,186,705,905 shares
- Employees 50,399 (consolidated), 6,275 (non-consolidated)
- Consolidated Group companies 178 (141 overseas)

*As of the end of December 2010

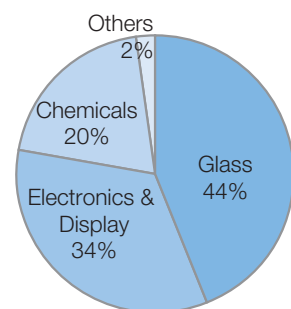
Net Sales



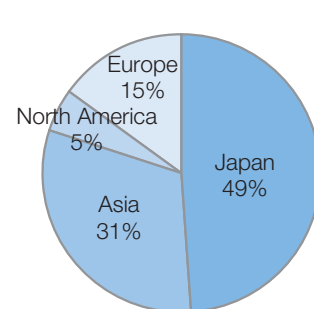
Operating Income



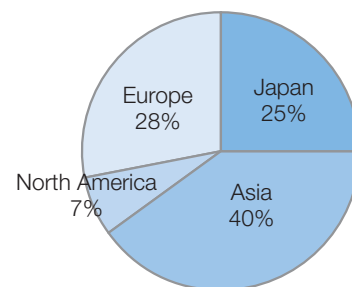
Sales by Business Segment (Consolidated)



Sales by Region (Consolidated)



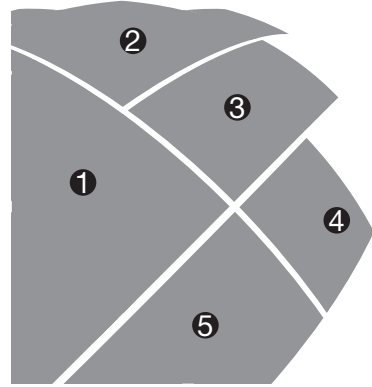
Distribution Ratio of Employees by Region (Consolidated)



*Fiscal 2010

Major Business by Segment

Segment		Main Products
Glass Operations	Flat glass	Float flat glass, figured glass, polished wired glass, low-emissivity (Low-E) glass, fabricated glass for architectural use (heat-insulating glass units, safety glass, fire-resistant glass, security glass, etc.), decorative glass, fabricated glass for industrial use, glass for solar power systems, etc.
	Automotive glass	Tempered automotive glass, laminated automotive glass, etc.
Electronics Operations	Displays	Glass substrates for display devices, specialty glass for display applications, display-related materials, etc.
	Electronic materials	Optical membranes, optoelectronics materials, synthetic quartz glass, glass frit and paste, materials for semiconductor manufacturing equipment, lighting glass products, etc.
Chemicals Operations	Chlor-alkali & urethane	Raw materials for vinyl chloride polymer, caustic soda, urethane materials, gases, solvents, etc.
	Fluorochemicals & specialty chemicals	Fluorinated resins, water and oil repellents, pharmaceutical and agrochemical intermediates, iodine-related products, battery materials, etc.
Others		Ceramics products, etc. Logistics services, financial services



- ① Digital Park (solar control glass) in Slovakia
© AGC Glass Europe
- ② Members participating in
the AGC Group Environmental Forum
- ③ Members of Asahi PD Glass Korea
- ④ Material salt used by the Asahi Glass Chiba Plant
- ⑤ The Hibiya Library Culture Museum of Chiyoda-ku, Tokyo
(Building Integrated Photovoltaic modules)

ASAHI GLASS CO., LTD.

URL: <http://www.agc.com/english/>

CSR Office

1-12-1 Yurakucho, Chiyoda-ku, Tokyo 100-8405, Japan

Tel: +81-3-3218-5282

Fax: +81-3-3218-7801

E-mail: csr-info@agc.com

The Head Office of Asahi Glass will relocate to the following address on August 16, 2011.
1-5-1 Marunouchi, Chiyoda-ku, Tokyo 100-8405, Japan
Tel/fax/e-mail will remain unchanged.

Published in July 2011

(Next report scheduled to be published in June 2012)

This publication is
printed with soybean ink.

**VOC
FREE** T&K



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finishing "Mori no Chosai-Kai"
(Forest Neighborhood Association)—Supporting
sound forest management.

