

Increasing the Transparency and Fairness of Overall Management

Central Glass has established a corporate governance structure to increase the transparency and fairness of its overall management and to improve efficiency and speed. We are also carrying out initiatives to raise all employees' awareness of compliance in order to practice honest corporate activities.

Corporate Governance

Central Glass is continually increasing the transparency and fairness of its overall management, and strives to establish an efficient, rational organizational structure that can respond swiftly to changes in the business environment in order to further enhance its corporate value and expand its revenue. This is our fundamental concept of corporate governance.

Based on this concept, we position our Board of Directors and Board of Corporate Auditors as the foundation of Central Glass's corporate governance. In addition, we have adopted an executive officer system. By separating decision-making re-

garding important business matters, the supervision of business execution, and the actual execution of business, we have slimmed down the Board of Directors to make management more efficient and prompt.

In order to enhance auditing and supervisory functions, independent outside directors and outside auditors who pose no risk of a conflict of interest with general shareholders ensure the fairness of decisions made by the Board of Directors and play a role in eliminating arbitrary decisions by the Board of Directors.

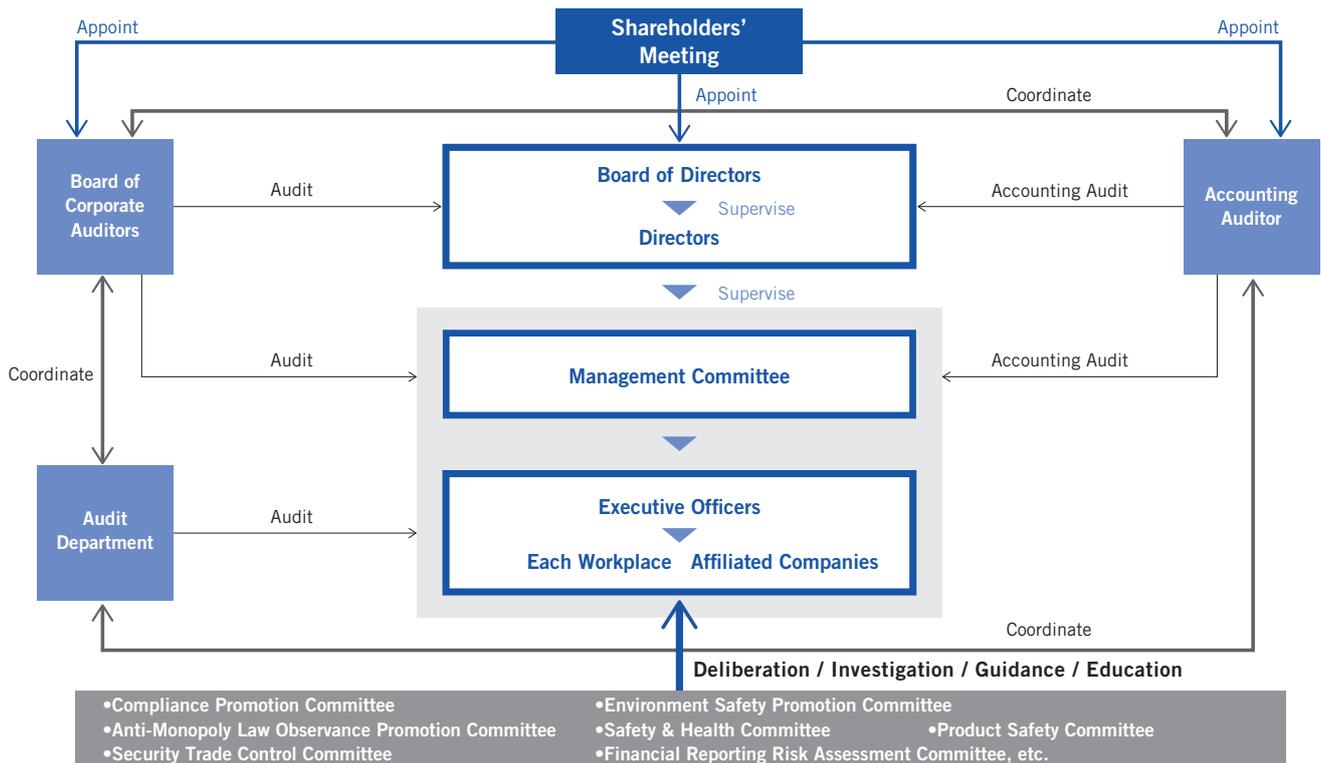
Compliance with the Corporate Governance Code

The Tokyo Stock Exchange began applying Japan's Corporate Governance Code in June of 2015. The Corporate Governance Code provides rules to ensure that corporate decision-making is conducted rapidly, transparently, and with integrity. Listed companies are expected to explain the status of their compliance with the rules and related policies in reports on corporate

governance (via the Japan Exchange Group's website).

Central Glass has put every aspect of the Corporate Governance Code into practice. We will follow the intentions of the Code in establishing fair, rapid, and decisive decision-making mechanisms as we strive to realize sustainable growth and increase corporate value over the medium and long term.

Organizational Chart for Corporate Governance



Recent Efforts to Reform Corporate Governance and Compliance

Year	Status
May 2006	The Board of Directors decides on a basic policy regarding the establishment of an internal control system stipulated in Japan's Companies Act.
April 2008	The system is partially revised with content to exclude antisocial forces.
April 2009	The system is partially revised with regard to internal information management and insider trading rules as well as an internal control system concerning financial reporting and a financial reporting risk assessment committee.
April 2010	The system is partially revised with regard to appointment of outside directors, enhancement of the internal whistleblowing system, and a compliance promotion committee.
April 2012	The system is partially revised with regard to an appropriate management system for confidential information and measures against persons from crime syndicates when making contracts.
April 2014	The Board of Directors makes partial revisions with regard to the communication of undisclosed internal information and regulation of acts that recommend trade in line with an amendment to Japan's Financial Instruments and Exchange Act, and to prevent unforeseen damages to the company and involvement in unanticipated scandals due to the spread and use of social media.
April 2015	The system is partially revised with regard to the development of a system to ensure reasonable business practices in corporate groups and a system to support auditing by auditors in line with amendments to Japan's Companies Act and Ordinance for Enforcement of the Companies Act, as well as personal information protection and prevention of sexual and power harassment.
April 2016	The system is partially revised with regard to ensuring appropriate handling of personal identification numbers, maintaining the soundness of contract management, and establishing and operating a system for preventing bribery.

* Corporate governance: The way a corporation should be governed

* "Compliance" refers not only to the observance of laws and regulations in a limited sense, but also includes the observance of a wide range of social norms when conducting business activities.

Compliance

In order to establish corporate governance, it is essential to raise our awareness of compliance in addition to upgrading and reinforcing our corporate governance framework. To fulfill this purpose, the Central Glass Group established the "Central Glass Group's Code of Conduct" as the internal code for conducting faithful business activities with stakeholders such as business partners, customers, consumers, and employees. Every employee carries a card displaying this Code of Conduct to constantly enhance awareness of compliance. The top executives also strive to set a good example through their actions.

We also created a "Compliance Manual" to serve as a guide on dictating social norms and corporate ethics. This manual covers a wide range of fields including, among others: anti-

monopoly law; independence from antisocial forces; intellectual property rights; regulations on insider trading; environmental conservation; the workplace environment; the protection and management of information; and respect for human rights. The Central Glass Group also established and started operating a Whistle Blowing System so that all employees can obtain guidance and consult on issues.

The effective use of these systems, together with regular education through internal training seminars, helps each employee gain a deeper understanding of relevant laws and regulations and take appropriate action when conducting business. Through these activities, the Central Glass Group aims to enhance both awareness and compliance.

Compliance Education

Central Glass conducted an e-learning program for all employees in FY2016. This e-learning program utilized the Compliance Manual discussed in the "Compliance" section of this report, and sought to provide employees with a comprehensive understanding of its content.

Moreover, to provide further practical education, we have been conducting a series of study sessions on the antimonopoly law for salespersons, including employees at our affiliates. These sessions are held in small groups within each of our de-

partments, and emphasize multidirectional communication, both between participants and lecturers and between participants themselves. Through the examination and discussion of problems contained in case studies customized for each participating group, the study sessions give employees an understanding of the antimonopoly law as something that concerns them closely, and foster an awareness of risk in the course of daily work.

Risk Management

In response to risks that Central Glass regards as particularly important, we have established a variety of committees that formulate relevant rules. In addition, each of our business and management departments, including those at affiliated companies, manages risks specific to that department.

When new risks arise or are likely to occur, we quickly appoint an executive officer to take responsibility for response to the risk. The Board of Directors also receives a report from the relevant committee or executive officer or requests a report, as necessary, and works to assess the risk, including our social responsibility, and determine the necessary response.

Overseas Risks

Central Glass regularly holds meetings attended by responsible personnel from our overseas affiliates and our own managing departments, and makes efforts to share information concerning overseas risks. In addition, when the Ministry of Foreign Affairs provides advisories regarding overseas terrorism incidents, etc., our Head Office quickly makes announcements to the entire Group. We have systems in place to share the necessary information throughout the Group to ensure that we are not involved in unexpected contingencies.

When we dispatch staff overseas, we work to proactively prevent exposure to risks by providing advance lectures and training that ensure the staff understands local customs and etiquette.

Whistleblowing System

In addition to establishing an in-house liaison, Central Glass also provides access to an external legal office as a whistleblowing system. We have set the system in place to enhance our compliance, and work to identify and correct organizational and personal violations of laws and regulations at an early stage.

BCP

Central Glass prepares for the possibility of large-scale accidents, natural disasters, etc. by working to institute measures for security and disaster prevention at all of our worksites. We have also formulated a BCP to ensure business continuity. The appropriate implementation of our BCP at the appropriate time ensures that we can minimize damage when a disaster occurs and rapidly get our main businesses up and running again, preserving the confidence of our stakeholders. We will continually work to maintain and improve our BCP in order to increase its viability.

Information Management System

Central Glass's information management system is thoroughly compliant with the Act on the Protection of Personal Information, and related laws and regulations. As a concrete measure, we have established Regulations for Protection of Personal Information. In addition, in order to ensure that the spread and use of social media does not involve the company or our employees in any unforeseen damages or trouble, we have established Social Media Guidelines, and are warning our employees of the risks involved. We have also responded to Japan's new personal identification number system by creating a safety management system based on the Basic Guidelines for the Appropriate Treatment of Specific Personal Information, etc. and Rules for the Handling of Specific Personal Information, etc.

In compliance with the Timely Disclosure Rules formulated by the Tokyo Stock Exchange, we have established a system to respond rapidly by releasing any company information that is subject to timely disclosure.