



Message from the President

Contributing to the Establishment of a Truly

Introduction

I was appointed Representative Director, President, and CEO of Central Glass in June of 2017. We are committed to contributing to the establishment of a truly prosperous society through the spirit of *Monozukuri* in our core businesses – glass and chemicals.

The Transition to CSR Reports

Central Glass celebrated its 80th anniversary in 2016. From 2017, we are determined to undertake a variety of initiatives with a new resolve. Up to now, we had been publishing a Social and Environmental Report (“Responsible Care Report”). From fiscal 2017 onwards, we will be publishing a CSR Report with more fulfilling content that will help our many stakeholders to understand the Central Glass Group.

Realizing Our Corporate Philosophy Is CSR

Under the Central Glass Group’s Basic Philosophy, “Creating a Better Future through *Monozukuri*,” we are working to contribute to the establishment of a truly prosperous society through the spirit of *Monozukuri*. In order to achieve this philosophy, in addition to setting out a basic policy, we carry out our business activities on the basis of a Code of Conduct shared by all members of the Group, and a mid-term management plan that we are striving to achieve.

As we conduct business under our Basic Philosophy, what we prioritize above all is proposing, developing, and manufacturing products that offer the highest level of customer satisfaction. We believe that the absolute precondition for conducting such business activities is responding to the expectations of our diverse stakeholders, while also complying with societal norms.

That is to say, we believe that the achievement of our Corporate Philosophy is the cornerstone of our management, and this also corresponds to our CSR. In order to embody our ideal, we are working on a range of initiatives that will enable us to respond to the demands of a rapidly changing society.

•Strengthening Our Management Foundation and Corporate Strategy

At Central Glass, we are continually increasing the transparency and fairness of our overall management in order to further expand our revenue and enhance our corporate value. We observe the entirety of the Corporate Governance Code, and we have adopted an executive officer system that clearly distinguishes the auditory function of Directors from the business-execution function of Executive Officers in order to ensure the appropriateness and efficiency of our business. We are also enriching understanding of compliance among our employees through educational and awareness-raising activities conducted by our Compliance Promotion Committee.

In our Mid-Term Management Plan, we have established a target ROE of 8%, and we are promising all of our shareholders a total return ratio of 30% or more. In fiscal 2016, although we did not reach our target for ROE, we achieved a total return ratio as promised, with a dividend of 11 yen per share and share buybacks totaling one billion yen.

Resolving Problems and Creating Value

•Creating Pleasant Workplaces

Maintaining and improving working environments in which our employees can feel safe and secure is essential to the sound development of our business. We have introduced a system that prohibits employees from putting in hours beyond a prescribed limit. Since 2009, we have also been operating a system under which all employees receive stress checks and consult with specialists if any problems are discovered. We have further developed systematic measures to offer employees peace of mind by actively supporting employees who are raising children or caring for family members.

At the same time, in accordance with our belief that “*Monozukuri* starts with *Hitozukuri*,” or the development of human resources, we have also enhanced our educational systems, including those for employee development and the training of global human resources. Additionally, in order to promote diversity, we are working actively to provide opportunities for non-Japanese employees and to increase our ratio of

Prosperous Society through *Monozukuri*

female employees.

Since the majority of our manufacturing is carried out at facilities that operate around the clock with no breaks, there are three shifts at our manufacturing sites, including a night shift. As a result, the makeup of our workforce is skewed toward male employees. In our future hiring, we intend to consciously increase the ratio of female employees at our manufacturing sites, and introduce reforms and improvements that incorporate women's perspectives.



A handwritten signature in black ink, reading "T. Shimizu". The signature is written in a cursive, flowing style.

Tadashi Shimizu
Representative Director, President & CEO
Central Glass Co., Ltd.

Message from the President

•Contributing to Society through *Monozukuri*

Today, promoting electric vehicles is an urgent task throughout the world as a means of tackling issues such as global warming and environmental pollution due to exhaust emissions. Central Glass is responding to the demands of global society by developing high-performance electrolytes for the lithium-ion batteries that are essential components of electric vehicles, and manufacturing them at our plants in Japan, Korea, and China. Our efforts to combat global warming continue with the development and production of a blowing agent for rigid urethane foam for onsite use and a cleaning agent that both display an extremely low global warming potential (GWP). In fiscal 2016, we finished installing production facilities for the new low-GWP blowing agent at our Ube Plant, and are ready to respond to future demand.

Autonomous driving is also an essential function in an aging society, and it will require automotive glass with high

surface quality so that the vehicle can accurately take in images from the exterior. In addition to manufacturing products that can respond to this demand, Central Glass is also continuing in its development of connected devices that will enable vehicle-to-vehicle communication.

Demand for semiconductors to assist in the realization of autonomous driving and boost the performance of smartphones and other communication devices is also continuing to grow, and greater precision is needed. Central Glass is manufacturing products essential to semiconductor production such as process gases, cleaning gases, and water-repellent drying agents, developed with our proprietary technologies.

We will further strengthen our management foundation so that we can continue to provide value to society through our business activities.

We look forward to your continued understanding and support as we move forward.

Corporate Philosophy

Basic Philosophy

Creating a Better Future Through *Monozukuri**

The Central Glass Group will contribute to the establishment of a truly prosperous society through the spirit of *Monozukuri*.

**Monozukuri* refers to all the business activities in which the Central Glass Group engages with a basic stance of integrity and sincerity, including R&D, quality oriented manufacturing, and sales.

Basic Policy

- Create new value through original technology.
- Pursue harmony with the environment and harmonious coexistence with society.
- Strive to increase corporate value powered by global growth.
- Aspire to be a vibrant company that respects the pioneering spirit and diversity.

Code of Conduct

1. Take responsibility for one's own actions, and engage in honest corporate activities.
2. Cultivate sensibilities, and constantly pursue original ideas and technologies.
3. Achieve the establishment of a society in which all people can live in comfort and good health, and protect the global environment.
4. Strive to create products that satisfy customers all over the world by learning about different cultures and customs.
5. Respect the diversity of every individual, and never cease to embrace the challenges of the future.