



Increasing Transparency and Fairness of Overall Management

The Central Glass Group has established a corporate governance structure to increase transparency and fairness of our overall management as well as to improve efficiency and speed. We carry out initiatives to raise all employees' awareness of compliance in order to practice sincere corporate activities.

Corporate Governance

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

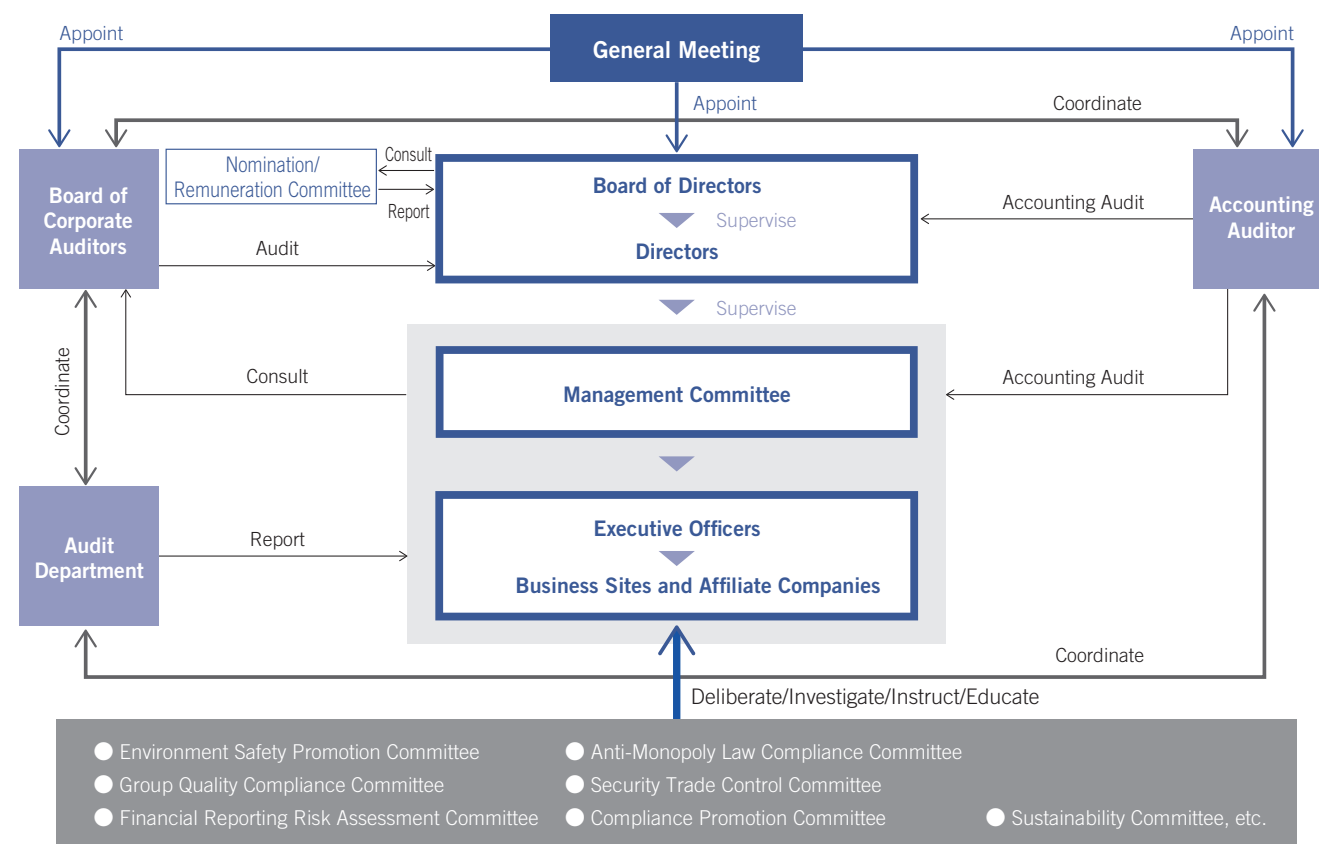
Based on this concept, we position our Board of Directors and Board of Corporate Auditors as the foundation of our corporate governance. In addition, we have adopted an executive officer system. By separating decision-making regarding important business matters, the supervision

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

We have, in addition to an assigned Accounting Auditor in accordance with the Companies Act, an Audit Department for the purpose of internal auditing, which conducts audits of the full range of activities of Central Glass Co., Ltd. and our affiliates, and reports its findings to the Representative Director and the Corporate Auditors.

The Corporate Auditors, the Accounting Auditor, and Audit Department staff exchange information and opinions, ensure coordination, and share problems to enhance and drive the efficiency of the auditing process.

Organizational Chart for Corporate Governance



Board of Directors

As a rule, the Board of Directors meets once a month, or when necessary, to deliberate and resolve legal and important managerial issues in line with the regulations covering the Board of Directors, and supervises the execution of business by the Directors and Executive Officers including the Representative Director.

Outside Corporate Auditors and Outside Directors, who have no potential for a conflict of interest with ordinary shareholders, ensure fair decision making within the Board of Directors and take on the role of rejecting arbitrary board decisions.

Management Committee

The Management Committee generally meets once a week, in line with the regulations governing its activities, to deliberate and resolve proposals to be put forward to the Board of Directors and other important issues affecting the execution of business.

Board of Corporate Auditors

The Board of Corporate Auditors generally meets once a month to deliberate and resolve important auditing issues. Corporate Auditors also share information and frequently exchange opinions with each other. In addition, they meet periodically with the Representative Director to discuss important matters of auditing.

The Corporate Auditors attend important meetings such as those of the Board of Directors, and audit the performance of duties that are carried out by the Directors and Executive Officers, as well as the performance of duties of each department and affiliate of the Group.

Audit Department

The Central Glass Group has established the Audit Department at the headquarters for the purpose of managing internal control systems related to internal audits and financial reporting.

Internal audits are carried out to maintain the effectiveness and efficiency of group-wide operations, conserve resources, and manage compliance with laws and regulations as well as internal rules. Operating audits are also conducted to prevent dishonest practices. Through these audits, the Audit Department strives to sustain appropriate and efficient business operations by providing counsel and advice about improvements when necessary. In FY2021, they conducted operating audits based on the annual plan. When counsel or advice about improvements was given through an audit, the Audit Department provided continual support until improvements were implemented.

They also raise awareness about the Central Glass Group Policy Initiative each year and evaluate the effectiveness of internal control at important sites from an independent standpoint to assure the reliability of financial reporting as part of management of the Group's internal control system for financial reporting.

In FY2021, they conducted assessments in line with this policy initiative and submitted an internal control report that described the effectiveness of the internal control

system for Group financial reporting as of March 31, 2022.

The Audit Department also convenes regularly and when necessary to cooperate with the Corporate Auditors. The mutual exchange of information and establishment of a cooperative framework drives the comprehensiveness and efficiency of audits.

Environment Safety Promotion Committee

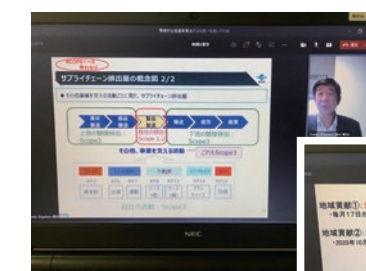
The Central Glass Group set up the Environment Safety Promotion Committee as an organization to promote group-wide environment, safety, and health activities throughout the entire life cycle from development to disposal of products based on the Guidelines for Environment, Safety, and Health.

In FY2021, as in FY2020, as a measure to prevent the spread of COVID-19, the committee held remote meetings with participants from many locations, and held a meeting in July with 131 participants, with the Environment Safety Promotion Committee as the main members. From the headquarters, the participants reported on priority issues related to group-wide environmental and safety activities and the reduction of greenhouse gas emissions, the results of activities for the Environment Policy, Safety and Health Management Policy, and environmental and safety issues for FY2020, as well as the priority action plans for FY2021 based on each of the above policies. The manufacturing departments as well as the research and development departments each reported their FY2020 activity results and FY2021 activity plans.

Lively discussions were held based on the sharing of information on basic policies, approaches, and specific initiatives, and the meeting closed with all participants reaffirming the need for continuous improvement.

Committee Composition (As of April 1, 2022)

Chairperson	Executive Officer in charge of the Environment and Safety Department
Vice-Chairpersons	Executive Officer (Deputy) in charge of the Environment and Safety Department
Committee Members	General Managers of the Personnel Department, Glass Quality Assurance Department, Chemicals Technical Planning & Management Department, Chemicals Production Engineering Center, Chemicals Quality Assurance Department, Environment and Safety Department, Quality Assurance Division, Chemical Research Center, Glass Research Center; Plant Managers of Ube Plant, Matsusaka Plant, Kawasaki Plant; and the Site Manager of the Matsusaka Plant Sakai Manufacturing Site
Observers	Corporate Auditors



Environment Safety Promotion Committee



Anti-Monopoly Law Compliance Committee

The Central Glass Group has established an Anti-Monopoly Law compliance system and set up the Anti-Monopoly Law Compliance Committee as an organization to promote adherence to the Anti-Monopoly Law.

In FY2021, while primarily conducting internal education in the sales division, the Anti-Monopoly Law Compliance Committee also verified whether any information was disclosed that may conflict with the Anti-Monopoly Law, examined the trends in detection of cartels, and surveyed subcontracting relations. Furthermore, the committee also provided education about the Anti-Monopoly Law and the Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors through outside instructors and engaged in activities to ensure compliance with the Anti-Monopoly Law.

Committee Composition (As of April 1, 2022)

Chairperson	Executive Officer in charge of the Corporate Administration Department
Committee Members	General Managers of the Corporate Administration Department, Purchasing Department, Flat Glass Marketing & Sales Department, Automotive Glass Department, Glass Business Planning & Development Department, Chemicals Sales Department, Medi-chemicals Sales Department, Specialty Chemicals Sales Department, Electronic Materials Sales Department, Energy Materials Sales Department, Chemicals Business Development Department, Chemicals Technical Planning & Management Department, Agri-Bio Business Promotion Department, and Glass Fiber Department
Observers	Corporate Auditors; General Manager of the Audit Department; Tosho Central Co., Ltd.; Central Chemical Co., Ltd.; Central Glass Fiber Co., Ltd.; and Central Saint-Gobain Co., Ltd.

Group Quality Compliance Committee

The Group has established the Group Quality Compliance Committee as a Group-wide cross-organizational body to further strengthen the quality assurance system of the entire Central Glass Group, including product safety activities.

The Group Quality Compliance Committee promotes quality control activities through the meeting committee structure below.

(1) Quality promotion meeting	Promotes PDCA quality activities
(2) Emergency response meeting	Rapidly responds to any quality and product safety issues
(3) Corrective action meeting	Defines comprehensive measures to prevent any recurrence

The committee has also established the Segment Quality Assurance Meeting to promote quality assurance activities in each segment. The discussions in the Segment Quality Assurance Meeting are reported to the committee secretariat.

The quality promotion meeting held in FY2021 confirmed the progress of activities during FY2021 and shared the quality promotion activity direction for FY2022. It was attended by 82 participants, the majority of whom were Group Quality Compliance Committee members. Emergency response meetings and corrective action meetings were convened as necessary.

Committee Composition (As of April 1, 2022)

Chairperson	Executive Officer in charge of the Quality Assurance Division
Vice-Chairpersons	General Manager of the Quality Assurance Division
Committee Members	General Managers of the Corporate Administration Department, Purchasing Department, Flat Glass Marketing & Sales Department, Automotive Glass Department, Glass Business Planning & Development Department, Glass Quality Assurance Department, Chemicals Sales Department, Medi-chemicals Sales Department, Specialty Chemicals Sales Department, Electronic Materials Sales Department, Energy Materials Sales Department, Chemicals Business Development Department, Chemicals Technical Planning & Management Department, Chemicals Production Engineering Center, Chemicals Quality Assurance Department, Agri-Bio Business Promotion Department, Glass Fiber Department, Chemical Research Center, Glass Research Center; Deputy General Manager of the Chemical Research Center; Plant Managers of the Ube Plant, Matsusaka Plant, Kawasaki Plant; Site Manager of Matsusaka Plant Sakai Manufacturing Site; and Presidents of affiliate companies (main affiliate companies)
Observers	Corporate Auditors

Security Trade Control Committee

The Central Glass Group exports goods and provides technology in accordance with export and trade laws, such as the Foreign Exchange and Foreign Trade Control Act which regulates trade regarding supplying exports of cargo as well as providing technology to non-residents and to foreign countries, for the purpose of sustaining international peace and safety and preventing the stockpiling of weapons of mass destruction as well as conventional arms. We act under a basic policy to never breach such laws and have established the Security Trade Control Program to fully raise internal awareness about this policy as well as a Security Trade Control Committee to thoroughly implement this program.

In FY2021, the Security Control Committee fully raised awareness about compliance with laws and regulations by providing reports on the classification of exported products of the Glass Segment and Chemicals Segment; distributing information on major amendments to laws, regulations and policies; and sharing the results of internal audits.

Committee Composition (As of April 1, 2022)

Chairperson	Representative Director
Committee Members	General Managers of the Glass Business Planning & Development Department, Chemicals Technical Planning & Management Department, Information & Computer System Department, Flat Glass Marketing & Sales Department, Automotive Glass Department, Chemicals Sales Department, Medi-chemicals Sales Department, Specialty Chemicals Sales Department, Electronic Materials Sales Department, Energy Materials Sales Department, Chemicals Business Development Department, Agri-Bio Business Promotion Department, Glass Fiber Department, Environment and Safety Department, Chemical Research Center, and Glass Research Center
Outside Committee Members	General Manager in charge of exports and imports at Tosho Central Co., Ltd.
Observers	Corporate Auditors and General Manager of the Audit Department

Financial Reporting Risk Assessment Committee

The Central Glass Group evaluates and analyzes the influence of management decision-making and accounting records on financial reporting. We set up the Financial Reporting Risk Assessment Committee to ensure the reliability of financial reporting.

In FY2021, the committee provided guidance to avoid any potential financial reporting risks by evaluating and analyzing projects that might have such risks due to internal and external factors.

Committee Composition (As of April 1, 2022)

Chairperson	Executive Officer in charge of the Finance & Accounting Department
Committee Members	Executive Officers in charge of the Corporate Administration Department, Audit Department; General Managers of the Finance & Accounting Department, Corporate Administration Department, and Audit Department
Observers	Corporate Auditors

Compliance Promotion Committee

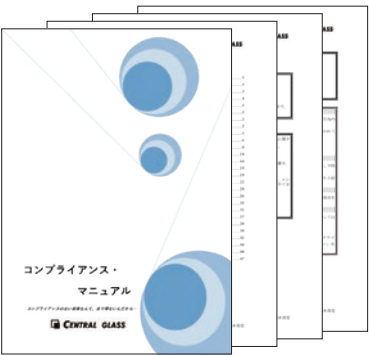
The Central Glass Group has established a Compliance Manual to promote compliance. We have also set up the Compliance Promotion Committee as an organization to assess and deliberate on matters related to compliance.

In FY2021, the external whistleblower contact was changed to improve the internal whistleblower system.

The Compliance Promotion Committee revised the Compliance Manual in light of amendments to laws, regulations, and internal rules and announced the changes to all employees.

Committee Composition (As of April 1, 2022)

Chairperson	Executive Officer in charge of the Corporate Administration Department
Committee Members	General Managers of the Corporate Administration Department, Personnel Department, and Audit Department
Observers	Corporate Auditors



Compliance Manual

Sustainability Committee

The Sustainability Committee was established in November 2021 to help improve management governance by analyzing and evaluating efforts to address issues related to sustainability.

Discussions during FY2021, the first year of its establishment, focused on the positioning and definition of sustainability in our business activities and the analysis and evaluation of its implementation. In the future, we will shift to a management cycle of compiling the evaluation results of sustainability initiatives and issues, reporting the results to the Board of Directors, and addressing open issues.

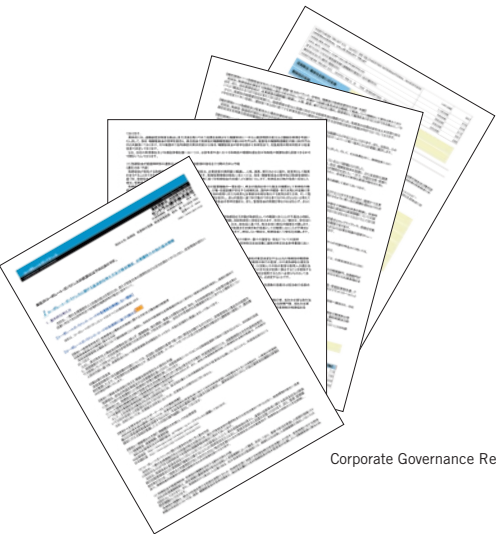
Committee Composition (As of April 1, 2022)

Chairperson	Executive Officer in charge of the Corporate Administration Department
Vice-Chairpersons	Executive Officer in charge of the Environment and Safety Department
Committee Members	General Managers of the Corporate Administration Department, Environment and Safety Department, Personnel Department, Purchasing Department, Glass Business Planning & Development Department, Chemicals Business Development Department, Chemicals Technical Planning & Management Department, Agri-Bio Business Promotion Department, Glass Fiber Department, Quality Assurance Division, Intellectual Property Department, Glass Research Center, and Chemical Research Center

Compliance with the Corporate Governance Code

Central Glass has established a governance system based on the Corporate Governance Code (CG Code) revised in June 2021 by the Tokyo Stock Exchange (TSE), through which we regularly submit and disclose a Corporate Governance Report describing our compliance activities to the TSE.

In the recent revision, a higher level of governance is required in line with the reorganization of market segments. As a company listed on the Prime Market, we have appropriately responded to the newly adopted CG Code by developing internal systems as necessary to implement the appropriate functions of the Board of Directors, ensure diversity in core human resources, and address issues related to sustainability.



Corporate Governance Report