

Group Code of Conduct



GLOBALLY COMMITTED
TO COMPLIANCE

A Message from AGC GROUP CEO

At the launch of the revised Code of Conduct

To All AGC Group Members,

In 2008, the AGC Group integrated the codes of conduct of its group companies and regions and introduced a unified code of conduct for the entire Group -- the "AGC Group Code of Conduct." I believe that sharing a single code of conduct has clarified what all of us must comply with as members of the Group.

Now we have revised the Group Code of Conduct - drawing on our recent group-wide Compliance experiences and with very thorough consideration of the principles that are important to us as a global organization with a vision to enhance our business strengths and, above all, to **Grow Beyond**. In addition to updating the Code content, we have adopted a new style and format that we hope everyone will find to be easy to understand and appealing.

Please be sure to read through this booklet and learn and comply with each Code principle. Compliance with the Code is essential for the AGC Group to earn and maintain the trust of our customers, local communities and other stakeholders. Maintaining such trust requires enormous efforts, and such efforts are important because a single violation of the Code could instantly destroy all the trust we have built and require a very long time for recovery. We must therefore always take personal responsibility to observe the Code in all respects.

Your efforts to follow this new Code will benefit not only the AGC Group as a whole but also each and every one of you because you will know that you are complying with the law and high standards of ethics and that you are in working environments in which you can feel safe and of which you can be greatly proud.

I request that each of you join me in making a renewed and sincere commitment to full compliance with our new Code.



Sincerely,
President, CEO & Chief Compliance Officer

A handwritten signature in black ink that reads "K. Ishimura". The signature is written in a cursive, flowing style.

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INTRODUCTION

What is Our Group Code of Conduct?

The AGC Group Code of Conduct (“Code”) is the reflection of our Shared Value “INTEGRITY” in the AGC Group vision “**Look Beyond**”. It sets forth requirements for all AGC Group companies and their employees to assure that their business conduct is consistent with laws, company policies/rules and business ethics.

Why Do We Have a Group Code of Conduct?

The AGC Group has set “Integrity” as one of its Shared Values under the AGC Group Vision “**Look Beyond**”. All AGC Group companies must follow these Shared Values— key standards that all members of the AGC Group must share as the basis for every action taken.

To achieve sustainable growth as a global company, the AGC Group must respond effectively to the reasonable expectations of our employees and their families, our customers, suppliers and shareholders and the communities in which we operate (collectively “stakeholders”) and gain the trust of these stakeholders. To this end, we must steadfastly follow the Shared Value of Integrity.

To truly adhere to the value “Integrity”, it is necessary that we follow all laws, all company policies/rules and business ethics. This Code explains how we must do so—and thus how we act with Integrity.

Complying with the Code is essential to our success, to our pride in being a part of the AGC Group and to upholding the responsibilities that we have to our stakeholders.

AGC Group Vision “**Look Beyond**”



Revised April 2012

Who Must Follow Our Group Code?

We have the same Code throughout the entire AGC Group worldwide—applicable to all of us in every workplace. Our Code applies to all AGC Group businesses and their employees, directors and officers. In addition, we seek to do business with persons and companies that respect similar principles.

What is Expected of You when You Receive this Booklet?

Please read this Code and periodically review it. Go to it for guidance if you see any compliance issues.

You should:

- Incorporate compliance with the Code into your day-to-day activities.
- Consult the Code whenever you are unsure about what to do and, if necessary, ask questions to your management or any of the Compliance Resources identified on page 5.
- Report concerns about actual or suspected illegal or unethical conduct promptly.

Throughout the Code, there are helpful guidelines and scenarios to aid you in making the right choices.

What is the Compliance Organization?

The AGC Group CEO is the Chief Compliance Officer for the entire AGC Group. He has appointed a Global Compliance Leader, who is responsible for planning, implementation and monitoring of Group compliance activities. Japan/Asia, Europe and North America Regional Compliance Committees have been established under the Global Compliance Leader to administer the Compliance Program throughout the world.



What Happens if there is a Violation of the Code?

Disciplinary action may be taken in accordance with the law and company policies/rules when an employee violates the Code. Appropriate action may be taken against directors and officers in case they violate the Code, also in accordance with applicable laws and company policies/rules.

How Can You Obtain Help or Make Reports?

Should you have questions or concerns about compliance or wish to report a compliance issue, please contact your management or any of the following Compliance Resources, including the company Compliance Helplines:

- Your Compliance Officer or Managing Director
- Your human resources representative—particularly in the case of employee- or employment-related matters
- Your company legal counsel—particularly in the case of legal matters

You are most welcome to provide your identity when you make a report or submit your report anonymously, as you choose.

How are Reports of Compliance Issues Investigated?

The AGC Group will investigate all reports fairly and thoroughly and will take appropriate actions. If you identify yourself when making a report, you may ask that the company treat your identity as confidential. The company will make every reasonable effort to do so to the extent practicable in conducting its investigation and as appropriate under the law. The same applies if you ask the company to treat information that you provide as confidential—regardless of whether you have identified yourself or submitted your report anonymously.

We are each expected to cooperate fully in any internal investigation.

What Is the AGC Group's Policy against Retaliation?

You may, in good faith, report any suspected violation of our Code without fear of retaliation. The AGC Group strictly prohibits acts of retaliation against any person for reporting a possible violation in good faith, or for participating in an investigation involving possible misconduct. Acting "in good faith" means that you come forward with a sincere report of information that you believe to be true. Appropriate disciplinary action will be taken against any employee engaging in a retaliatory act against a person because he or she made a good faith report of a compliance issue.

Note, however, that making an intentionally false report is unacceptable and will result in disciplinary action.

ABOUT THIS BOOKLET

This booklet contains global requirements as well as explanations focused on Hong Kong. The global portion is written on blue background and the Hong Kong supplement is written on white background after the global portion.

Global Comment

Hong Kong Supplement

Title

9. Company and Third-Party Assets and Confidential Information (Principle 9)

We properly manage, use and protect company tangible and intangible assets.

Our confidential information and other intellectual property are valuable assets, and we safeguard those assets.

We respect the confidential information and intellectual property of third parties.

We have a responsibility to safeguard all company assets. This includes tangible property such as land, buildings, machinery, equipment, fixtures, computers and wiring, as well as intangible assets like confidential information, patents, trademarks, copyrights and computer software. All such assets, tangible and intangible, must be properly managed, used and protected. In general, we must also keep our use of company property in strictest confidence. Very limited exceptions will be made only when specifically authorized by company management. For example, limited personal use of company computers may be allowed.

The improper disclosure of confidential information could cause great harm to our company and, in some cases, to other companies with which and individuals with whom we do business. Therefore, such company confidential information correctly passed the most strictest be followed. Never disclose confidential information without a business need and great authorization to do so—whether during or after your employment with the company. This special care to safeguard this information by properly securing your desktop, documents and other sensitive materials. In addition, never discussing such information in places where you can be overheard, including restaurants, taverns, hotels, airplanes or elsewhere. Similarly, be careful using social media. Email, texting and so on. You should always remember that electronic messages are permanent. Unintentional receipt of our communications may also quickly affect the interests of the company and cause harm to others.

We must also be aware that our company is, like all regulated entities, the use of and transfer of company property, always taking appropriate measures to follow legal requirements. This may be used to assist in all reasonable requests to protect important company assets.

We will not illegally access, disclose or use confidential information of other companies or individuals.

If you acquired confidential information belonging to others before joining the AGC Group, you are expected not to disclose such information to our company or to others while you are employed by the AGC Group.

Singapore Regional Supplement

The AGC Group has established the "Information Security Policy and Standard" which all employees are required to understand and observe the guidelines. Even after leaving the company, a former employee is also obliged not to disclose or use the information assets collected in the course of employment with the company.

Main Singapore Law & Company Guidelines

Computer Misuse Act (CMA) (1993) & AGC Information Security Policy and Standard

Q&A

Q I received a call from a former AGC Group employee who used to work for the AGC Group. She asked me to send her a copy of a particular proposal containing company confidential information that she worked on before she left our company. She said that the job wanted to use it as a template for a proposal she's writing for for new company. Can I send it to her?

A No, the proposal is AGC Group property, and the former employee Company confidential information to anyone outside the company, even though she is a former employee and worked in the proposal.



Q&A : Explanation of a specific case

Headline : Our policy for each principle

The Code of Conduct

Before taking action,

Ask yourself if...

- *The action you are about to take measures up to "Integrity"?*
- *You can talk about it to your family and friends with confidence?*
- *Customers, suppliers and society will feel trust and empathy for your action?*
- *You are not simply turning a blind eye to misconduct?*

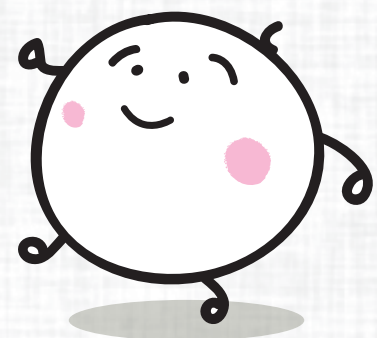
1. Foundations for Compliance (Principle 1)

We follow all applicable laws and company policies/rules and conduct business activities with integrity.

We are honest in all that we do.

This statement sets forth the overall scope of the Code. The rest of the Code explains and elaborates on its principal requirements.

If you have any concerns about complying with laws or Company policies and rules, please contact your management or any of the Compliance Resources identified on page 5 above.



■ Hong Kong Regional Supplement

As citizens and residents of Hong Kong SAR, AGC Group Employees are expected to respect and comply with the local laws and regulations. A failure to comply with the country laws may result in disciplinary action, including disciplinary dismissal.

Q&A

Q. Is it enough if our policy is to comply only with applicable laws in doing business?

A. No. Only to follow the laws and regulations is not enough. In addition to them, it is necessary to comply with the business ethics and company rules such as safety rules and information security policies. You must also treat company property properly and not offer or provide inappropriate gifts or entertainment.



2. Fair Competition and Antitrust (Principle 2)

We comply with all applicable antitrust laws, as well as with the AGC Antitrust Guidelines - in order to ensure free and fair business activities and market competition.

In order for us to compete ethically and lawfully, we strictly comply with all applicable antitrust laws, sometimes called competition laws. In addition, we comply with the AGC Antitrust Guidelines everywhere in the world. They are set forth at page 40. [Appendix 3] If these laws and Guidelines apply to your job function, you have a responsibility to know and follow them at all times.

Antitrust law enforcement around the world and sanctions against cartel activity are becoming much stricter. Penalties may include high fines and even imprisonment of individuals. Private lawsuits can also be brought to recover substantial damages on account of antitrust violations.

Contacts with competitors present extremely serious antitrust risks for all AGC Group businesses.

Therefore:

- We must not have any planned contact with competitors except if it is for a legitimate purpose and approved in advance by management or the company's legal department.
- After any contact with a competitor, you must prepare and maintain a record of the contact.

These requirements are set forth in the AGC Antitrust Guidelines referred to above.

In these regards, it is forbidden to enter into formal or informal agreements with competitors that may restrain trade, such as:

- Price fixing
- Bid rigging
- Dividing or allocating markets, territories or customers

If a competitor attempts to discuss any of these topics with you, stop the conversation immediately. You must then report the incident to your supervisor or company legal counsel immediately.

Antitrust laws also generally prohibit improperly monopolizing any market and entering into formal or informal agreements or understandings with suppliers or customers that may restrict competition—such as improperly tying products, fixing resale prices or boycotting particular customers or suppliers.

■ Hong Kong Regional Supplement

AGC Employees, as representatives of the Company, are strictly prohibited to engage in any form of activity that may be construed as engaging in cartel activity, bid rigging and other unfair trades. We shall comply with Antitrust guidelines.

In Hong Kong, Competition Ordinance was promulgated on 22nd June, 2012 and will come into effect in or after 2013. An Ordinance to prohibit conduct that prevents, restricts or distorts competition in Hong Kong; to prohibit mergers that substantially lessen competition in Hong Kong; to establish a Competition Commission and a Competition Tribunal; and to provide for incidental and connected matters. Penalty is up to 10% of the Hong Kong turnover for each year of the infringement subject to a cap of three years.

Q&A

Q. I am an AGC sales person. I was invited for a business meal by an employee of a competitor who asked that we get together to discuss the possibility of his company's buying products from us. Since this is to talk about a buy/sell arrangement and not about competition between the companies, I am thinking about accepting his offer without informing anyone in my company. Is this OK?

A. No. Before having any planned contact with a competitor, you must get internal approval, and after any such contact, you must prepare a written record of the contact as required by the AGC Antitrust Guidelines. Remember that you should not have a contact with a competitor without a legitimate purpose.

● Main Hong Kong laws concerned :

Competition Ordinance (Cap 619)

3. Workplace Health and Safety (Principle 3)

We are committed to the safety of all employees, visitors to our facilities and our neighbors.

We comply with all laws and company policies/rules for occupational health and safety.

We strive for continuous improvement for safe and healthy environments at our workplaces.

One of our Shared Values—“ENVIRONMENT” in the AGC Group Vision “Look Beyond”—includes the continued improvement of safe and healthy working environments.

We are responsible for considering the safety of our employees and neighboring communities.

We should strive to maintain and improve working environments by the applicable AGC health and safety policies. For instance, the following are requirements:

- No production should be operated without assurance of safety. We perform our duties keeping this in mind at all times.
- We do not hesitate to stop operations to prevent injury.
- We observe process safety-related signs and use prescribed safety equipment.
- We are required to thoroughly manage hazardous materials such as chemicals.
- We require that our manufacturing facilities be free of alcohol and unauthorized drugs. The company may require laboratory testing for an illegal drug and/or alcohol to detect or confirm a suspected violation of the policy, where local law allows.
- We conduct inspections and maintenance in line with company policies and procedures, as well as applicable laws, in order to prevent accidents.

If an accident nevertheless occurs, we place the highest priority on protecting people and saving lives and take immediate action to prevent and limit injuries.



■ Hong Kong Regional Supplement

We are obliged by occupational health and safety related laws and regulations to provide adequate preventive measures against accidents and the spread of communicable diseases. In addition, it is needed to take disease preventive measures including a consultation with a doctor for those who have fallen ill. Attention should be paid to ensure that occupational health, safety and security is not compromised in any circumstances. Employees who are ill should take strict actions to prevent the spread of communicable diseases.

1) Every employer must, so far as reasonably practicable, ensure the safety and health at work and workplace under the employer's control of all the employer's employees.

2) By law, violation on 1) results in punishment against the company, so employees must observe the company rules and instructions.

● Main Hong Kong laws concerned :

Occupational Safety and Health Ordinance (Cap 509)

Q&A

Q. While working in my AGC plant, I witnessed a fellow employee improperly repairing a piece of equipment without having disconnected power to the equipment. I am worried that, by not following the posted procedures for equipment repairs, my coworker is putting himself and other employees at risk of injury from a shock or even from a fire or explosion. What should I do?

A. You should warn the employee and tell your manager immediately, following up with other company resources as needed. Because safety is our top priority, it is critical that the situation is identified and corrective steps are taken immediately.

No production should be operated without assurance of safety



"Look Beyond"



AGC

4. Environment (Principle 4)

We are committed to compliance with all environment-related laws.

In all of the company's activities, including technological development, planning, design, production, sales and handling of products, we strive to conserve the environment.

As mentioned under Principle 3 above, "ENVIRONMENT" is one of AGC Group's four Shared Values, defined in the AGC Group vision "**Look Beyond**". We strive to conserve the environment and pursue environmentally sound business practices. The AGC Group understands that a healthy environment benefits our stakeholders and propels opportunities for us to conduct our business. To that end, we make every effort to be environmentally responsible at every stage of designing, manufacturing and distributing our products. We have a duty to continually assess and improve our processes—namely, by minimizing the creation of waste and potentially harmful effects of our operations. We encourage our business partners to do the same.

Moreover, we focus much of our efforts on developing products that benefit the environment.



■ Hong Kong Regional Supplement

All employees are expected to observe local environmental laws, not limiting to environmental pollution and the treatment of waste disposal. Every AGC Employee should be conscious of the impact on the environment due to their action such as the disposal of waste materials, noise & water pollution.

Highlights of Environmental Protection in Hong Kong

- ✓ Air & Major Hazards
- ✓ Environmental Assessment & Planning
- ✓ Noise
- ✓ Waste
- ✓ Water

● Main Hong Kong laws concerned :

- Air Pollution Control Ordinance (Cap 311)
- Noise Control Ordinance (Cap 400)
- Waste Disposal Ordinance (Cap 354)
- Water Pollution Control Ordinance (Cap 358)
- Ozone Layer Protection Ordinance (Cap 403)
- Dumping at Sea Ordinance (Cap 466)
- Environmental Impact Assessment Ordinance (Cap 499)
- Hazardous Chemicals Control Ordinance (Cap 595)



Q&A

Q. As a Hong Kong Citizen as well as AGC group employees, why we have to comply with environmental protection laws in doing business?

A. In Hong Kong, the Environmental Protection Department always promote some programs aimed to promote awareness of compliance with environmental legislation and to facilitate achieving or even good beyond by providing practical approaches to tackle the pollution problem. Such programs were designed for all generic trades with focus on technical measures for better pollution control and operational efficiency. "Hong Kong Environmental Resource and Safety Institute" recommended to advocate 5R (Refuse, Return, Reduce, Reuse, Recycle) to minimize the landfill problems day by day.

5. Respect for People (Principle 5)

We respect and value diversity of people.

We do not tolerate physical violence or harassment of any kind.

We do not engage in child or forced labour.

We protect the confidential personal information of all employees.

“DIVERSITY” is another of the AGC Group’s four Shared Values as defined in the AGC Group vision “*Look Beyond*”.

Every AGC Group company assures that each of us receives equal opportunities for success based on merit. We do not discriminate against anyone based on race, ethnicity, religion, nationality, gender, disability or any other legally protected group.

Physical violence or harassment of any other kind constitutes misconduct and is contrary to a respectful work environment. Harassment may be by supervisors or by other employees. It may be physical, oral or written. It may be sexual or not.

We do not use child labor or forced labor in any of our global operations or facilities. We fully respect all applicable laws which are related to the rights of workers. We expect that all companies with which we do business will conform to all applicable laws in these regards.

Each company recognizes that it receives from its employees information about themselves that they consider personal and highly confidential. This may include information about their identities and addresses, compensation, benefits, individual and family health matters and other personal circumstances. The company uses such information only for appropriate purposes associated with their employment.

If you have any concern about anything that you observe or experience regarding the above matters, do not hesitate to contact your management or any of the Compliance Resources that are listed on page 5 above.



■ Hong Kong Regional Supplement

“Diversity”, one of the “Shared Values” of AGC Group vision *“Look Beyond”*, declares to respect each and every individual with a wide range of abilities.

In the basic spirit to respect humanity, each employee is required to conduct themselves while respecting the fundamental human rights and humanity of all people. And we should make efforts to eliminate various discrimination and infringement of human rights and attempt to create a cheerful and comfortable work environment.

● Main Hong Kong laws concerned :

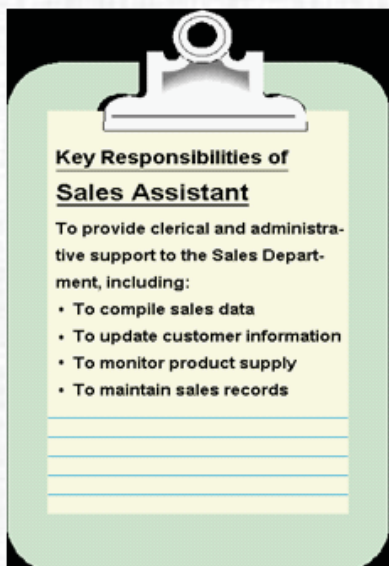
Equal Opportunity Commission

Employment Ordinance (Cap 57)

Sex Discrimination Ordinance (Cap 480)

Disability Discrimination Ordinance (Cap 487)

Family Status Discrimination Ordinance (Cap 527)



Q&A

Q. I am an AGC HK Sales Assistant, my name is Olive. Am I entitled to equal pay when doing the “same work” or “like work as that of a man?”

A. Example for same work: Eddie(male) and Olive(female) are the Sales Assistant within an office. The responsibilities of their jobs are the same and performing the same work.

According to Hong Kong’s Equal Pay for Work of Equal Value (EPEV), if a man and a woman are performing the “same work” or “like work” for the same employer, they should receive equal pay. Different jobs may be assessed to be equal in value by comparing job contents and demands on the workers through a job evaluation process. There are a variety of methodologies for job evaluation, broadly categorized as analytical and non-analytical job evaluation. Whatever alternative is used, the important point is that the methodology should be based on objective considerations and the process and outcome of the assessment should be free of sex bias.

6. Quality and Safety of Products and Services (Principle 6)

We give due consideration to both the quality and safety of our products and services.

We do not falsify, alter or distort results of product quality or analytical data.

Our customers trust us to provide high-quality products and services, and the AGC Group's success depends on our commitment to preserving that trust. For this reason, we must make sure that the products we sell and the services we provide are safe, comply with applicable laws and consistently meet or exceed the standards established by our company and specifications agreed to with customers. To do so, we must pay attention to safety and quality throughout every step in our products' life cycles. If you prepare product handling instructions or manuals, be careful to include appropriate safety warnings to prevent potential misuse and explain the safe and proper usage of the product.

If we discover that any AGC Group products or services may pose a risk to the physical well-being or property of our customers, we must immediately and responsibly address the matter and work to preserve/regain the trust of the customers affected. To prevent recurrence of any such problems, it is important that we also investigate root causes and take corrective action.



■ Hong Kong Regional Supplement

All employees should ensure that all products sold, including the provision of samples, conform to local Product Safety and Quality Specifications. As AGC group company employees, we should be aware that Product liability goes beyond the cost of the product and may include losses resulting from a defect of our products.

We have a responsibility to ensure that our products and services provided, do not deviate from standards, laws and regulations.

Consumer Goods Protection:

In Hong Kong, the general safety requirement for consumer goods is that the consumer goods are reasonably safe having regard to all of the circumstances. Where an approved standard applies to consumer goods, the consumer goods shall be taken as complying with the general safety requirement if they comply with the approved standard. (Enacted 1994)

● Main Hong Kong laws concerned:

Consumer Goods Safety Ordinance
(Cap 456)

Sale of Goods Ordinance (Cap 26)

Q&A

Q. I recently started working for AGC. I have noticed that one of my coworkers is not following all of the established protocols that ensure that the products manufactured in our facility meet quality standards. I'm not sure if I, as a new employee, should say anything. I do not want to offend him. What should I do?

A. You should share your concerns with your manager right away. We place a high value on the quality of our products, in order to meet our customers' expectations and also to protect their safety. Because the quality and safety of our products are of utmost importance, your report will help our company maintain our value and reputation. Rest assured that you will not experience retaliation for making a good-faith report.

Q. A shipping problem has led to an insufficient amount of materials to fulfill an order. When I asked my manager for assistance in resolving the situation, I was told to substitute the material specified in the contract with another product of about the same quality. My manager said that the difference was negligible and that it would be less damaging to our relationship with our customer to deviate from the contract than it would be to deliver our products late. Is this true?

A. No, not necessarily. It is important first and foremost to communicate the issue with our customer immediately and obtain its approval before making any substitutions or otherwise deviating from a contract with the customer. If our customer gives us permission to make the necessary substitution, then we can proceed with your manager's proposed course of action. However, we must never attempt to deceive our customers by not communicating changes to our agreements with them.

7. Reports and Records (Principle 7)

We honestly record, report and disclose information so that our records reflect the facts.

We comply with financial, accounting and tax laws and company accounting policies and rules.

Appropriate reporting is necessary for AGC Group companies to make proper decisions and to provide accurate information to all stakeholders and the general public. We must never manipulate data or records for any reason, even if directed by another. It is equally important not to conceal or distort unfavorable information. Honesty is always the best policy.

In the fields of finance, accounting and tax, AGC Group companies have a duty to comply with all laws and accounting standards to prepare and issue proper financial records and tax returns. Preparing and maintaining proper and honest transaction records are essential to fulfill reporting duties of the AGC Group and in making appropriate management decisions. We comply with all AGC Group record-keeping rules regarding matters such as purchasing, inventory control and sales controls -- in order to properly reflect their status. No AGC Group company or employee may discard, destroy or change any company finance, accounting or other records if doing so would violate any applicable law or company policy/rule. Financial information should be controlled properly and should only be released by authorized persons.

For instance, we do not report non-existent purchases, sales or inventory or make fictitious entries on expense reports, nor should we intentionally record expenses or profits in the wrong period.

We are responsible for providing all necessary information and reasonable support to internal and external auditors so that they can do their work.



■ Hong Kong Regional Supplement

AGC Group aims to be reliable and transparent companies which not only disclose such information as is set forth in laws or rules but also actively, timely, and appropriately disclose our corporate information to stake holders including shareholders, investors, customers, suppliers, and regional society, etc.

"The proper financial report" is produced by the accounting department's complying with the Hong Kong Accounting Standard/regulations and AGC Group Accounting Principles and all the other departments' preparing and sending transparent and accurate information and data.

● Main Hong Kong laws concerned:

Company Ordinance (Cap 32)



Q&A

Q. I am an AGC employee doing accounting payable work. Recently I am asked by my superior "Can I submit to you the travelling expense bill of December this year by January next year?" The reason is the whole year budget was consumed of our department. Is there any problem with doing this?

A. Yes, This is inappropriate and not allowed. We should keep proper accounting records without dishonesty. We have to comply with AGC accounting policies and rules as well as complying with the Hong Kong Accounting Standard and Regulations.

8. Insider Trading (Principle 8)

We do not trade in the securities of any AGC Group company or other companies if doing so would violate insider trading requirements.

Purchasing or selling publicly-traded shares based on important internal non-public information about AGC Group companies or other companies that may affect share prices, recommending such trades to others or informing others of such non-public information will nearly always be illegal insider trading.

Because Asahi Glass Co., Ltd. and other AGC Group companies' securities are traded publicly, you must properly manage any significant internal information that is not available to the public that you might become aware of in the course of your work activities. The same goes for external non-public information about other publicly-traded companies—such as customers and suppliers—that we may learn of while working on behalf of the AGC Group.

Some examples of internal information may include:

- Financial information
- R&D-related information pertaining to new products or technologies
- Information on mergers, acquisitions, divestitures or new business operations

Because violations of insider trading laws can result in criminal and civil penalties for individuals and companies, if you have any concern that a potential securities transaction may violate insider trading laws, you should contact the AGC Group Investor Relations Department or any of the Compliance Resources listed on page 5 above.



■ Hong Kong Regional Supplement

Under section 4 of Securities and Futures Ordinance (Cap 571), every employee must adopt and follow the regulatory objectives of the Commission are

- (a) to maintain and promote the fairness, efficiency, competitiveness, transparency and orderliness of the securities and futures industry;
- (b) to promote understanding by the public of the operation and functioning of the securities and futures industry;
- (c) to provide protection for members of the public investing in or holding financial products;
- (d) to minimize crime and misconduct in the securities and futures industry;
- (e) to reduce systemic risks in the securities and futures industry; and
- (f) to assist the Financial Secretary in maintaining the financial stability of Hong Kong by taking appropriate steps in relation to the securities and futures industry.

If any of the AGC group company employees is doubtful about whether any form of trading or acts falls under the above act, the person should consult the Finance and Administration Manager for clarifications before taking any action.

● Main Hong Kong laws concerned:

Securities and Futures Ordinance (Cap 571)

Q&A

Q. I was assigned to be an account manager of a publicly listed company -- Company X. I decided I would like to buy the shares of this company in order to have a financial interest in the company. Before making such a purchase, however, an employee of this company gave me a tip about something about to happen with his company. He said, "It is a secret but our company is going to acquire a large company in our business that is very profitable." Can I proceed to my original plan to buy shares in company X?

A. No. You cannot buy them. Once you get important internal non-public information (inside information) of company X, even if you originally planned to buy shares in that company, you cannot do so until the information is published - regardless of whether you are an employee of the company X or not. If you have any concern or uncertainty, you should contact the Communications & IR dept. or any of the Compliance resources.

9. Company and Third-Party Assets and Confidential Information (Principle 9)

We properly manage, use and protect company tangible and intangible assets.

Our confidential information and other intellectual property are valuable assets, and we safeguard those assets.

We respect the confidential information and intellectual property of third parties.

We have a responsibility to safeguard all company assets. This includes tangible property such as land, buildings, machinery, equipment, inventories, computers and money, as well as intangible assets like confidential information, patents, trademarks, copyrights and computer software. All such assets, tangible and intangible, must be properly managed, used and protected. In general, we must also limit our use of company property to work-related matters. Very limited exceptions will be made only when specifically authorized by company management. For example, limited personal use of company computers may be allowed.

The improper disclosure of confidential information could cause great harm to our company and, in some cases, to other companies with which and individuals with whom we do business. Therefore, each company has information security policies that must strictly be followed. Never disclose confidential information without a business need and prior authorization to do so—whether during or after your employment with the company. Take special care to safeguard this information by properly securing your computer, documents and other sensitive materials. In addition, avoid discussing such information in places where you can be overheard, including restaurants, restrooms, trains, airplanes or elevators. Similarly, be careful using social media, blogs, forums and so on. You should always remember that electronic messages are permanent, transferable records of our communications that can greatly affect the interests of the company and cause harm to others.

We must also be aware that our company is free to inspect, restrict the use of and monitor the usage of company property, always taking appropriate measures to follow legal requirements. You may be asked to assist in all reasonable respects to protect important company assets.

We will not illegally acquire, disclose or use confidential information of other companies or individuals.

If you acquired confidential information belonging to others before joining the AGC Group, you are expected not to disclose such information to our company or to others while you are employed by the AGC Group.

■ Hong Kong Regional Supplement

We must take reasonable care to protect the Company's physical property and intellectual property from loss, damage, theft, vandalism, sabotage or unauthorized use. We must treat all information relating to the Company's business, or to its customers or suppliers, as confidential. Confidential information must not be used for personal gain.

This Property includes, but is not limited to, the following:

- a) "Physical property" includes offices and office equipment, tools, vehicles, raw materials, inventory items (such as stationery, grocery and corporate gifts); and
- b) "Intellectual property" means work methods and practices, computer software, computer operating systems, written materials, electronic mail, voice mail, inventions and information.

We are prohibited from using the Company's property for our own personal purposes. This includes your email and internet facilities, which are for Company purposes only.

Q&A

Q. I received a call from someone who used to work for the AGC Group. She asked me to send her a copy of a particular proposal containing company-confidential information that she worked on before she left our company. She said that she just wanted to use it as a template for a proposal she's writing for her new company. Can I send it to her?

A. No. The proposal is AGC Group property, and you may not disclose Company-confidential information to anyone outside our company, even though she is a former employee and worked on the proposal.

● Main Hong Kong laws concerned :

Copyright Ordinance (Cap 558)

Trade Mark Ordinance (Cap 559)

Copyright Piracy Ordinance (Cap 544)



10. Conflict of Interest (Principle 10)

In dealing with current or potential customers, suppliers, public officials , contractors , competitors and other third parties, we as employees must act in the interest of the company and not in our personal interest or in the interest of our family or close friends.

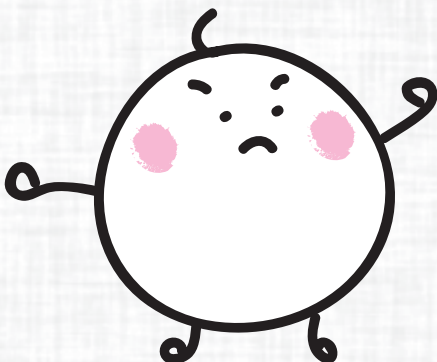
Conflict of Interest means a situation in which our own personal interests (including the interests of family members or close friends) conflict or may conflict with our work duties. In such a situation, we have to give priority to our company's mission and interests and avoid exploiting our role or position in the company in order to pursue a personal interest or a financial gain for ourselves, our relatives or our close friends.

It is forbidden to hold a position as a board member of or advisor to, or to have any other influential position with, a competitor of, a supplier to or a customer of the AGC Group. Exceptions require prior company approval.

You must make prompt and full disclosure to your management or any of the Compliance Resources listed on page 5 of this Code where you consider that there is an actual or potential conflict of interest.

Examples of potential or actual conflicts of interest:

- Doing business or proposing to do business with a company or a person where you or any of your relatives or close friends has control or holds a managerial position.
- Utilizing information or a business opportunity acquired as a result of your function in the AGC Group for a personal interest or for any third party interest, including suppliers, competitors and others who are not supposed to receive such information or opportunity.
- Using your position or function in the AGC Group to yourself, or to influence another employee to, enter into a contract with a supplier, a partner or any other third party as a result of which you or, any of your relatives or close friends receives such a personal benefit.



■ Hong Kong Regional Supplement

In any conduct which involves a conflict between company's interest and personal interest (conduct with conflict of interest), if you, in your own self-interest, do any competitive conduct with our company's operation, make a trading with our company, or do any conduct for your customer's convenience, such conduct of yours will give our company unfavorable results. And so, doing such a conduct itself with conflict of interest is principally forbidden in our companies' work rules.

When making such an individual person or corporation a trading partner with our company as is yourself or any relative of yours, or is managed by such person, the one must obtain your supervisor's approval. In addition, in the event that a director of each company does any conduct with conflict of interest including dealing mentioned above or any competitive trading against our company (competitive trading), Companies Act and other laws oblige him to go through a strict procedure including an approval by the board of directors and so on.

[Examples of forbidden conduct with conflict of interest]

- To do business against company interest with such an individual person or corporation as is yourself or any relative of yours, or is managed by such person.
- To utilize such information or business opportunity as you have become acquainted with through your business activities not for our company but for any interest of yourself or any third party including our competitor, etc.
- To be engaged with the management of any company which competes with our company.
- To conclude any contract with any outsourcer, supplier, or joint developer for your interest such as receiving entertainment or gifts although the contract is unfavorable to our company.

You should not, without the prior knowledge and consent of the Company, do anything which would compete with the businesses of any companies in the AGC Group or which would conflict with your obligations to any company in the AGC Group, even if you do not stand to personally benefit from such activities.

You cannot use your position in the Company for your own purposes, such as to obtain contracts for your relative's or your own business.

● Main Hong Kong laws concerned:

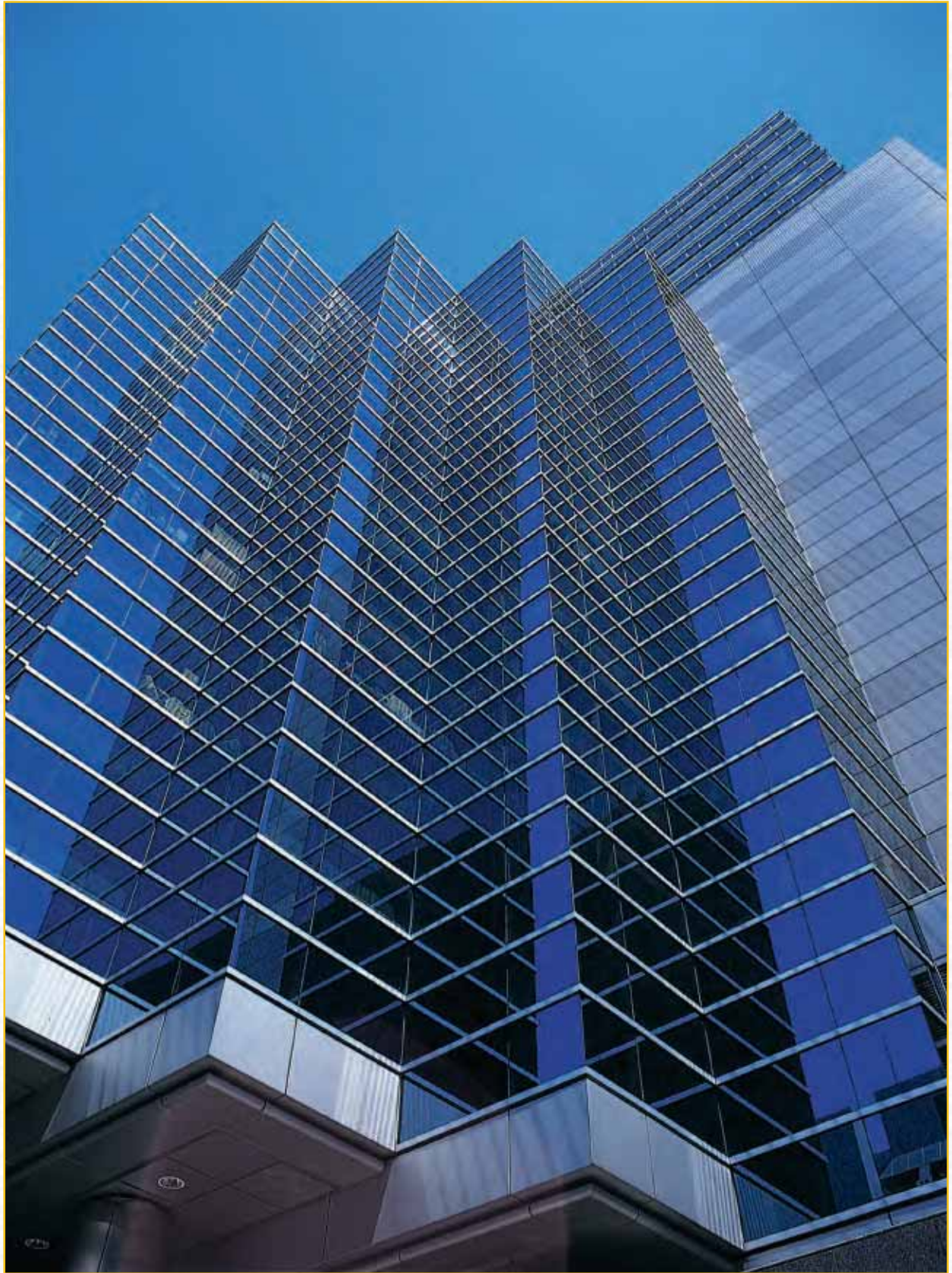
Companies Ordinance (Cap 32)

Q&A

Q. My department decided to revise our products catalogue. As my uncle is running a printing company, I got quotes from his company in addition to quotes from a few more companies. The quote from my uncle's was a little higher than the others. However, I intend to place the order to his company because I was told by my uncle that his company was facing a tough management situation. Is there any problem?

A. As your behavior is regarded as conflict of interest, you must not proceed. In fact, you should not be involved in any way in the consideration of your uncle's company as a supplier to AGC. If you have a concern about a conflict of interest, you should contact the procurement department beforehand.





11. Gifts and Entertainment (Principle 11)

We do not offer or provide inappropriate gifts or entertainment.

We do not accept cash or any other personal benefit that may affect our ability to work in the best interests of our company.

We respect the entertainment and gift policies of our customers and suppliers and of others with whom we do business and seek to do business.

The exchange of business gifts or entertainment requires our common sense and best judgment. Excessive gifts and entertainment distort normal business dealings and jeopardize the transparency of our transactions.

We must never accept a gift or entertainment which could influence our judgment. You should not accept any entertainment or gift (except of very limited value) from someone that you are doing business with without reporting it to your management. Allowing a supplier or customer to pick up the check at a meal is permitted, so long as it is for a reasonable amount and there is no intent to influence decisions made on behalf of the AGC Group.

It is also our policy that common sense and moderation prevail in providing gifts and entertainment to any representatives of a company with which we do business. If we are aware that a supplier or customer has a policy regarding gifts or entertainment, we will always follow any such policy.

Also keep in mind that some countries have limitations on providing entertainment and gifts to private companies, as they may be viewed as illegal commercial bribery.



■ Hong Kong Regional Supplement

Under Section 9(1) of the Prevention and Bribery Ordinance in Hong Kong, any director or staff member soliciting or accepting an advantage in connection with his work without the permission of the employer commits an offence. The term “advantage”, as defined in the Ordinance, includes money, gift, loan, fee, reward, employment, contract service and favour. The person who offers the advantage may also commit in an offence under Section 9(2) of the Ordinance in Hong Kong.

Entertainment refers to food or drink provided for immediate consumption and any other entertainment connected with and provided at the same time. While entertainment is an acceptable form of business and social behaviour, directors or employees shall turn down invitations to meals or entertainment that are excessive in nature or frequency, so as to avoid embarrassment or loss of objectivity when conducting the Company’s business.

However, Company employees are allowed to accept (but not solicit) the following gifts offered voluntarily:

- (a) Advertising or promotional gifts of a nominal value; or
- (b) Gifts given on festive or special occasions subject to a maximum limit of HK\$500.00 value, otherwise prior written approval (via Appendix form 2) should be obtained from the Code of Conduct Committee for registration and handling.

● Main Hong Kong laws concerned:

Prevention of Bribery Ordinance (Cap. 201)

Q&A

Q. I received “Red Pocket” money during Chinese New Year as festival occasion gifts from company X, Y and Z. I found the “Red Pocket” money given from company X which is exceeded our maximum limit value in accordance with our Code of Conduct. I reported to my department head and was told to keep secret. Is this OK?

A. No, company employees are allowed to accept (but not solicit) subject to a maximum limit, and you should apply with the form given from Code of Conduct Committee for registration and handling if the value is exceeded in accordance with the guideline of Code of Conduct.



12. Relations with Government Officials and Politicians (Principle 12)

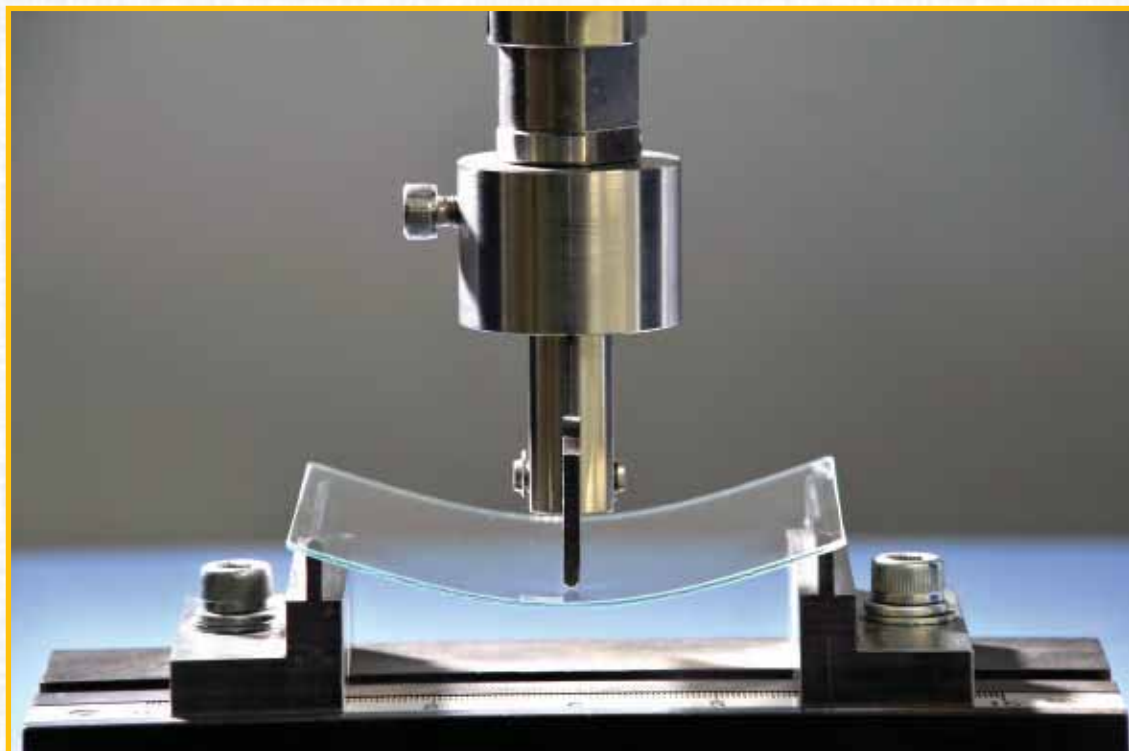
We do not inappropriately give money or anything else of value to politicians, political parties or public officials.

As part of our commitment to winning business the right way, the AGC Group does not tolerate bribery or corruption in any form.

Bribery and corruption mean directly or indirectly giving or offering an undue reward with the intention of influencing the behavior of politicians and public officials in order to obtain or retain a commercial advantage—tangible or intangible.

Bribery and corruption can take many forms, including cash or gifts to an individual or family members, inflated commissions, fake consultancy agreements, unauthorized rebates and political or charitable donations. A “kickback” is also a form of corruption that involves the return of a sum already paid or due to be paid as a reward for awarding or fostering business. In most cases, the mere offer of any of these kinds of bribery or corruption is unlawful. The same is applied to foreign public officers.

The consequences for violating any of the laws related to anti-corruption or political activities can be very severe. It is therefore especially important if you have any questions about these laws that you ask management or contact any of the Compliance Resources listed on page 5 above—especially before making any decisions to which any of these laws might apply.



■ Hong Kong Regional Supplement

<Facilitating Payment>

While making a facilitating payment is discouraged by the AGC Group, if it is unavoidable under the circumstances, a nominal payment to facilitate an official's performance of his or her duties may be allowed in very limited circumstances. To be clear, "facilitating payments" are small payments made to officials to expedite routine government actions, such as issuing permits. This would never include any decision by a government official to award new business or to continue business with the company. These types of payments require prior approval by management, which has to carefully check their necessity every time a request for approval is made. All payments should be properly accounted for and recorded by the company.

The Prevention of Bribery Ordinance prohibits bribery and sets out the standards of integrity for employees when they are conducting their employers' business with public officials. Directors and employees are subject to the Prevention of Bribery Ordinance in Hong Kong.

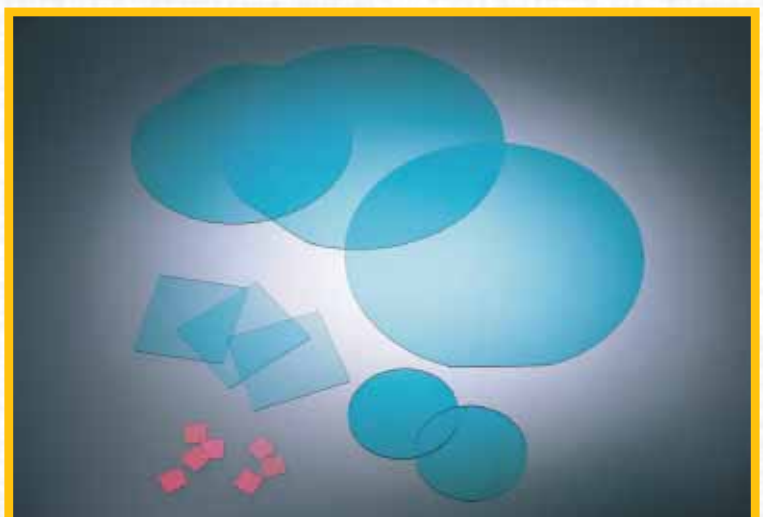
● Main Hong Kong laws concerned:

Prevention of Bribery Ordinance (Cap. 201)

Q&A

Q. I am currently conducting AGC Group business in a geographic area that is known to solicit bribes. Since this is part of a cultural norm in this location, may I make a personal payment to a local public official in order to ensure future business for AGC Group?

A. No, you may not. Even if you are representing AGC Group in a part of the world that commonly uses bribes when conducting business, you have a duty to uphold the Group's ethical reputation. We must conduct ourselves with the utmost integrity, even if doing so causes us to lose out on business. If you are asked to pay a bribe or make another improper payment, you must refuse, stating the Group's anti-corruption position, and you should then report the incident to your management or any of the Compliance Resources that are listed on page 5 above right away.



13. International Trade Controls (Principle 13)

We respect International Trade-Related Laws.

As a global company, we deliver our products and services, and provide information about our technologies, to people and companies all over the world. We likewise acquire raw materials and business information from many places around the globe. It is therefore critical that we carefully comply with all country and local laws that regulate our international trading activity.

Export laws not only apply to the export of products, they also apply to export of technological information. These laws vary from country to country. For example, in some cases, it can even be a violation of a country's export laws for an AGC employee to disclose technological information that originated in that country to another person—even another AGC employee—who is not a citizen or resident of that country.

Import activity, or bringing the goods we purchase from a foreign or external source into another country, is also generally subject to various laws. Specifically, this activity may require the payment of duties and taxes, as well as certain filings with government offices.

Thus, all employees involved in any way with the processes of exporting or importing materials and technological information should understand and comply with all applicable above-mentioned laws and not hesitate to seek guidance from your management or any of the Compliance Resources that are listed on page 5 above if there is any uncertainty about the applicability of these laws.



■ Hong Kong Regional Supplement

The legal basis for strategic trade control in Hong Kong is the Import and Export Ordinance, Chapter 60 of the Laws of Hong Kong. The Ordinance lists strategic commodities as one of the categories of goods the import and export of which is prohibited unless licensed by the Director-General of Trade and Industry. The Ordinance thus establishes a licensing requirement for import and export of strategic commodities. The import and export licensing control on strategic commodities is administered by Trade and Industry Department. Failure to comply with the Regulations is punishable by severe criminal penalties and fine.

● Main Hong Kong laws concerned:

Import and Export Ordinance (Cap 60)



Q&A

Q. We are now in negotiations with a customer about export sales of our high-tech material.

The other day, we found that this customer intended to divert our material to be used for remote-controlled aircraft for military purposes. Can we proceed with the export negotiation despite such circumstance?

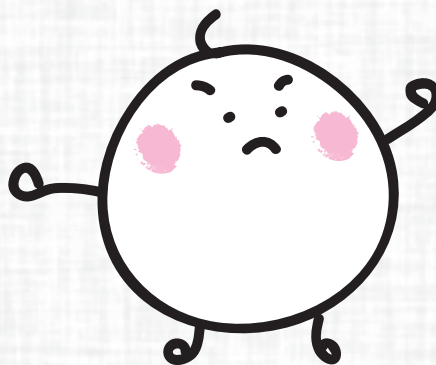
A. No. You must stop and have it checked whether it is legal to make such an export. You may not ignore what you learned. Contact the department in charge of export control before doing anything further about this prospective export.

14. Confrontation with Anti-Social Powers (Principle 14)

■ Hong Kong Regional Supplement

You must not provide anti-social powers with fund or convenience including magazine subscription or pecuniary contribution which will do them good.

We never submit to any threatening or intimidation by anti-social powers, and firmly confront them.



Appendix

Appendix 1 Certificate

1. Purpose of submitting the Certificate:

By submitting Certificate periodically, we expect to renew our recognition of compliance and to prevent the fading away of our emphasis upon compliance. We do not only submit the Certificate but also expect the following action:

- ✓ To read the GCoC with local supplement once again;
- ✓ Each employee reviews his/her conduct and the climate of his/her working place from the standpoint of compliance. They will lead any problem on compliance, if any, to an improvement.
- ✓ They will consult or ask about GCoC with local supplement, or give his/her opinion about GCoC with local supplement.

2. Positioning of Certificate

All employees subject to the submission of Certificate (excluding cases of long absence including leave of absence from work) will submit his/her Certificate.

In submitting his/her Certificate, if there is any reason for not submitting Certificate (e.g. he/she doubts whether his/her present job should satisfy the compliance, or he/she hesitates to make an oath because the improvement commenced in his/her working place has not been accomplished, etc.), please submit your Certificate by writing such circumstances in the free space. In such cases, we deem you have submitted your Certificate even though without your signing in the signature space. However, if you do not submit your Certificate without any reasonable reason, this represents your refusal to swear a Certificate. In this case, your action will be informed to the chief of your department, and be made an example to review the compliance measures in each department.

3. Method to Submit Certificate

All employees subject to the submission of Certificate shall submit his/her Certificate periodically. The person to whom you should submit your Certificate shall be a Chief Compliance Officer or the president of your company, contingent upon each company's structure.

In case any dispatched employee with leave of absence from work, if he/she submitted his/her Certificate to his/her original company, his/her present company may deem that he/she has submitted his/her Certificate to his/her present company where he/she is dispatched.

AGC Group and its local company aim at expanding employees subject to the submission of Certificate to all employees.

To Chief Compliance Officer,(or President)

Personal Certificate on the Code of Conduct

*I acknowledge that I have received and read the Code of Conduct of AGC Group (Hong Kong Edition).

I understand and agree with that I, as an employee of _____, have obligations to comply with the AGC Group Code of Conduct.

*I declare that I will comply with and will not violate the AGC Group Code of Conduct.

Name: _____

Signature: _____

Date(Y/M/D): _____

Space for Free Comment

Disciplinary action may be taken when violate AGC Group Code of Conduct

Report on Personal Benefits Received/Benefits Given

Report on Personal Benefits Received/Benefits Given

To: _____

Name of Donor/Recipient: _____

Position: _____ Department: _____

Description of Gift	Date of Receipt	Estimated Value (HK\$)

Reason for Gift: _____

(e.g. Appreciation, festive occasions – X'mas or CNY, etc)

Recommended Action: _____

(e.g. recipient to keep gift, gift to be shared, donated to charity, etc)

Head of Department Signature & Date

Approved by Managing Director: _____

Signature and Date

Acknowledged by Finance & Admin. Dept: _____

(on behalf of Code of Conduct Committee) Signature and Date

Filing record date: _____

Appendix 3

The AGC Antitrust Guidelines

Global Guidelines in Relation to Compliance with the Antitrust Law Established September 2005

1. Prior to having meetings with competing companies (including meetings with trade associations), take every possible step to confirm if the objective of such meetings is appropriate from the perspective of applicable laws. Limit the frequency of attending such meetings to the lowest possible. If keeping a relationship with any trade association becomes unnecessary, leave the association.
2. At any meetings with competing companies, tell them your intention to comply with the Antitrust Law and avoid initiating unnecessary contact with them.
3. If you intend to have a meeting with competing companies, inform your supervisor of the purpose of such meeting and obtain his or her permission in advance.
4. Always maintain a written record of the details of discussions with competing companies.
5. Refer the written record mentioned above to your Legal Department (or, when directed by your management, with a law firm) regularly for review.
6. If any competing company contacts you in a way that gives rise to suspicion of possible antitrust issues, notify your supervisor and Legal Department of the situation without fail and seek their advice.
7. If you have heard or seen any employees engaged in conduct that gives rise to suspicion of possible antitrust issues, report this to your supervisor or to the Legal Department and/or to those persons in your business in charge of Corporate Compliance.

Guidelines concerning relationships with competing companies and trade associations for Japan/Asia

September 1, 2005 Rev. November 1, 2011

It is prohibited to form cartels or to rig bids with competing companies or trade associations. Actions that may induce suspicion of such acts may not be taken.

<Reference> Code of Conduct (Fair Competition-Compliance with Antitrust Laws)

The following cartelistic activities among competing companies or by trade associations are generally illegal (per se illegal) and could be subject to fines and/or criminal charges. (For cases where there is a legitimate business relationship, please refer to I. below.)

- Discussions concerning prices (product prices, construction fees, transportation fees, maintenance fees, visiting fees etc.).
- Making arrangements regarding volume of sales, shipping and/or production, or fixing their ratio to be maintained among the competitors.
- Discussing issues such as the limitation of the number of days (or percentage) that facilities should be in operation, limitation on expanding or building facilities, or limitation on the adoption of new technologies.
- Discussions concerning bidding.
- Customer allocation.
- Making arrangements concerning market share.

The following are also prohibited, because they are highly risky behaviors that may cause suspicion of cartel behavior. (Refer to I. and V. below.)

- Offering information on prices, volumes of sales or production etc. to a competitor unilaterally.
- Taking no counteractive action when information such as the above is unilaterally transmitted from a competitor (orally, or via e-mail, facsimile etc.).

I. Communication/meetings with competing companies, and participation in trade associations are allowed only on an extremely limited basis, and only to the extent that they do not raise antitrust concerns.

1. Communications and/or Meetings with competing companies

- (1) Communications and/or meetings with competitors may be made only when necessary to carry out a specific legitimate business relationship, such as certain types of OEM manufacturing, licensing, sales consignment, joint venture, or technological partnership.
- (2) Discussion at such meetings must be limited to those relevant and necessary for the above businesses, and the exchange of any other information must be avoided. Further, sales personnel shall not be allowed to attend meetings unless there is a legitimate necessity.

2. Participation in trade associations

- (1) Participation in trade associations is allowed only if the purpose and details of its activity are clearly defined in the convention of the association, and the association complies fully with the Antitrust Act. Involvement in informal organizations/ meetings with competing companies must be avoided.
- (2) Discussions at trade associations must be limited to those within the scope of the purposes of their activities, and exchanging any other information must be avoided. In addition, sales personnel shall not be allowed to attend the meetings unless there is a legitimate necessity.
- (3) Discussions at trade associations must be limited to the following items that do not lead to cartel behavior and serve a social and public purpose.
 - Establishing common specifications and standards based on social and public needs such as environmental and/or safety concerns.
 - Carrying out public relations and dissemination activities for purposes such as improving the overall position of the industry, promoting demand and disseminating information about proper use.
 - Collecting and releasing information on past business activities. Note, however, that collecting any information concerning current and future sales or production plans, or cooperating in such conduct must be avoided.
 - Expressing opinions or requests to the national or local government.

II. When meeting with competing companies or participating in trade associations, the person attending must obtain prior permission from the his/her supervisor.

III. A summary of the discussion/meeting must be recorded, along with important exchanges that were made.

IV. Participation in events (such as dining, get-togethers, get-acquainted trips and golfing) to socialize with competing companies shall be extremely limited. If someone participates in such activities, he/she must abide by II. and III. above.

- (1) If you are going to hold/attend a meeting with competing companies, you must report the purpose, agenda and planned participants to your supervisor in advance, and obtain his/her permission. The supervisor must cancel the meeting in case he/she judges that the meeting is not necessary or raises antitrust concerns in light of criteria I. above. Contacts with competing companies before or after the revision of pricing should be avoided in particular. Whenever you find it difficult to make a judgment by yourself, consult with Legal Department.
- (2) When hosting meetings, prepare an agenda well in advance, and do not discuss other issues. For meetings held by trade associations, ask the host to prepare an agenda.
- (3) Records of meetings will become necessary when we are suspected of being involved in a cartel. Be sure to record the date, participants and topics of meetings and keep it safe so that it will not be disposed of or discarded. If there is no record of the meetings, it will be extremely difficult to deny the accusations. Exchange of important information should be made in written form such as facsimile or e-mail, and they should be stored. Whenever there is any contact, discussion or exchange that might be suspected to be in violation of the Antitrust Act, contact Legal Department for advice.

- (4) Holding social gatherings among competing companies after meetings and events such as year-end parties, golf competitions and get-together trips, or participating in these in itself s a highly risky behavior that may cause suspicion of cartel behavior. After thoroughly examining factors such as necessity, risk of getting drawn into a cartel and the timing of events, only those that are indispensable should be attended. In that case, relevant personnel shall be sure to obtain permission of the relevant supervisor in advance and keep a record, even for social events.
- (5) Legal Department shall check the status of storage of such records and their content periodically.
 - Collecting and releasing information on past business activities. Note, however, that collecting any information concerning current and future sales or production plans, or cooperating in such conduct must be avoided.
 - Expressing opinions or requests to the national or local government.

V. If you get drawn into conduct suspected of cartel behavior, you must make sure to announce your position clearly and with evidence that you and AGC will never participate in cartels.

- (1) If information on prices, quantity or rate of production or sales, etc. is provided at meetings, the participating person must make a clear statement that AGC will never participate in such cartelistic behavior and walk out after requesting to have the statement recorded in the minutes. After that, the relevant person must inform his/her supervisor and consult with Legal Department on the subject.
- (2) If information on prices or bidding is offered unilaterally via media such as facsimile, e-mail or telephone, it must be reported to Legal Department, in addition to protesting via document, or depending on the situation, orally, that "AGC will never participate in activities contrary to the Antitrust Law and request that you stop sending such information." Further, what happened and what was done must be recorded in writing.
 - Cartels can be established even if there is only a verbal understanding or tacit consent.
 - Even if you are absent from a meeting, if you later receive information on the agreement and it is followed, it will be regarded as a violation of the law, in that an illegal "implied consent" exists.
 - Even if you and AGC are not actively involved in a cartel, an ambiguous attitude can be regarded as having taken part in it.

Appendix 4

Guidelines for “Prohibition of Fraudulent Transactions” (Asia)

Finance & Control Office
June 2012

1. Introduction:

As a public institution that serves for the benefit of society, ensuring “proper financial reporting” is absolutely necessary for a company to sustain its business operations and continue to fulfill its social responsibility into the future.

Some may think that financial reporting is performed solely by the accounting department. In reality, however, the accounting department alone is not capable of creating a complete reporting. Proper financial reporting is possible only when proper reporting is made at every division.

In this sense, false reporting never benefits the Company even if you tried to do it for the Company’s interest. Please keep in mind that even if it may appear to be beneficial for the Company for the short term, reporting that is contradictory to the fact will eventually cause damage to the Company. “Proper financial reporting” is therefore a crucial aspect of the Company which every one of us must follow.

2. Prohibition of fraudulent transactions

The following acts are strictly prohibited as “fraudulent transactions.”

- (1) Processing a fictitious transaction or creating record as if the transaction exists even though there is no substance such as purchase, sales, or inventory.
Conversely, not correctly recording the actual transaction even if it exists.
- (2) Creating record that does not reflect the actual situation, failing to faithfully perform duties and/or conduct budget management in compliance with the Company’s rules and regulations.

3. Compliance with the AGC Group Accounting Standard

The AGC Group prepares its financial statements based on the AGC Group Accounting Policy, and the recording of sales and purchases, booking of inventories and capitalization of equipment, costing and profit/loss calculation are all performed in compliance with the policy.

Outlined below are some of the major rules set forth in the policy. If you have any questions or concerns about the handling of particular transactions or any other issues, please always consult with the accounting department.

4. Outline of major rules concerning “Prohibition of fraudulent transactions”

(1) Sales

[1] Transactions to be recorded in Sales

Sales are revenue from transactions that are performed for business purposes established in the articles of incorporation and that generate a profit from short- or mid- and long-term perspectives.

Accounts	Target transactions
Sales of products and merchandise	This includes revenue from sales activities of products and merchandise which are the company’s principal operations (including the related service rendered). Sales of products purchased from an outside manufacturer are also included in sales of products and merchandise.
Construction revenue	This includes contract revenue from construction of plants, buildings, roads, etc. which are the company’s principal operating activities. Revenues are classified by the type of sales as below: (a) Equipment and materials: Sales of products and merchandise (b) Construction: Construction revenue (c) Design and technical services: Revenue from technical services rendered
Revenue from technical services rendered	This includes revenue from providing a method, design, and other technology information rendered in the company’s principal business.

[2] Sales recognition

Sales recognition is described in the "Revenue" section of the AGC Group Accounting Policy. Please check with the accounting department if you have any questions or concerns.

Types of transaction
1. Domestic sales of products, merchandise, and plant equipment and materials
2. Export sales of the same items as those listed above
3. Contract works and plant construction
4. Sales of purchased products not involving logistics operation
5. Sales of know-how, industrial property rights
6. Sales of royalties
7. Sales of engineering fees
8. Sales of service fees

[Note]

- Recording of sales at the end of the closing month
You are not allowed to deviate from the rules on sales recognition in order to control the internal budget and/or profit targets.
- Handling of provisional unit prices
If a product is sold at a provisional unit price, the final unit price must be determined before the end of the accounting period, in principle.
Please check with the accounting department for the handling of specific transactions.

(2) Purchase and related transactions

[1] Transactions to be recorded in Sales

[1] Purchase recognition

Purchase of merchandise	<p>In principle, it is the date when the merchandise is inspected and accepted.</p> <p>Provisional unit price: If any raw material or equipment is purchased at a provisional unit price, the final unit price must be determined before the end of the accounting period, in principle.</p> <p>Please check with the accounting department for the handling of specific transactions.</p>
Acceptance of services	<p>In principle, it is the date when the service is inspected and accepted.</p>

[2] Prohibited acts

Raising Off-the-book money	<p>It is strictly prohibited and is considered socially-unacceptable behavior to manipulate purchase and/or other transactions together with suppliers and raise off-the-book money.</p>
Fraudulent advance/delayed recording	<p>You are not allowed to deviate from the rules on purchase recognition in order to control the internal budget and/or cost/profit targets.</p> <p>(Example)</p> <ul style="list-style-type: none"> • Fraudulent advance acceptance of research expenses: Accepting research expenses in advance and making/recording the payment at the end of the closing month even though the research commissioned is not yet completed. • Fraudulent advance acceptance of construction expenses: Accepting construction expenses in advance and making/ recording the payment even through the construction ordered is not yet actually completed. • Recording construction expenses in excess of the actual amounts with intent to record a reduced amount for a different construction item in the subsequent term or later, because there will be a surplus of the budget for the current term.

3. Issuance of slips

Accounting slips must properly express the actual transaction including the purchased product, construction, service, etc. and must be recorded in the correct accounting titles to reflect the facts.

Budgets must not be diverted into an irrelevant expense item or construction item.

[Prohibited acts]

- Recording a false construction item, expense item and/or budget code.
- Diverting the costs for construction of a plant, etc. to a different construction item.
- Distorting actual transactions (E.g. Asking a supplier to pay for entertainment costs and paying back the equivalent amount in the form of fraudulent product purchase.

4. Sales of reusable products (e.g. iron and paper scraps)

The sale of reusable materials must be treated as an independent revenue and must not be offset with product or other purchases.

5. Inventories

Inventory difference must be clarified and corrected through physical stocktaking by the department in charge or by obtaining the inventory certificate and confirming the balance based on the inventory control table.

6. Monthly costing and profit/loss calculation

- The quantity of production, work-in-process, cost allocation base, sales, and other data that are needed for monthly costing, and profit/loss calculation must be recorded by the departments in charge in accordance with the applicable rules.
- Calculations must be made based on the correct data. You must not distort any amount by recording a false quantity. Materials consumption rates and yields must also reflect the actual data.

7. Value-added tax, customs duty, etc.

- You must always comply with the laws and regulations concerning value-added tax, customs duty, etc. associated with sales and purchase transactions.

