



CSR Report 2019

Corporate Social Responsibility Report

Corporate Philosophy

We will contribute to the development of a more secure society through a striving spirit and co-operative efforts.

Our corporate philosophy represents Glory's corporate goal and raison d'être.

"Striving spirit" includes our desire that "we will strive to meet the needs of customers and society with an unyielding spirit and make the impossible possible".

It represents the eternal origin of Glory all through the ages that we can do a great job only when we combine the "power of everyone" who shares the "striving spirit".

Keeping the origin in mind, Glory will contribute to the creation of a safe and secure society from now on.

Management Creed

- Through a spirit of continuous development, we will provide products and services our customers can rely on.
- We will build a vigorous corporate group through respect for the individual and teamwork.
- We will endeavor to act as responsible corporate citizens and co-exist harmoniously with society at large.

Our management creed expresses what Glory should aspire to and our management stance. In short, it constitutes our basic philosophy of management.

The three components of the management creed express our stance toward our customers and business operations, toward our employees, and toward society as a whole.

WEB

Corporate Philosophy

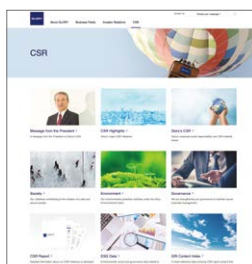
<https://corporate.glory-global.com/groupinfo/philosophy/>

Editorial Policy

The Glory CSR Report 2019 is intended to inform a wide range of stakeholders about Glory's understanding of CSR and the progress of its CSR initiatives.

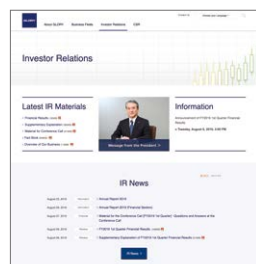
We publish the report in both a booklet and on our website, which posts ESG data and other information not included in the booklet.

CSR Website



<https://corporate.glory-global.com/csr/>

Investor Relations Website



<https://corporate.glory-global.com/ir/>

▲
For financial and stock information, please visit this site.

Report Subjects

This report generally describes the efforts of GLORY LTD. and related data. It will be explicitly stated if a particular item being reported concerns a specific Glory Group company or another company. Moreover, the report on environmental activities and environmental data covers the ISO 14001-certified offices of GLORY LTD. and the Glory Group.

Reporting Period

Fiscal year 2018 (April 1, 2018 to March 31, 2019)
(May include reporting of items occurring in or after April 2019.)

Publication Date

September 2019 (English edition)
(Previous English edition: July 2018, next English edition: September 2020)

Referenced Guidelines

GRI Sustainability Reporting Standards 2016
2018 editions of Environmental Reporting Guidelines, Ministry of the Environment, Japan

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Glory will contribute
to the creation of a
safe and secure future.



President,
GLORY LTD.



Continually Developing Beneficial Products

I assumed the office of president and representative director of GLORY LTD. in April 2019.

Founded in 1918, GLORY LTD. has just celebrated its 100th anniversary. We inherit the founder's philosophy of "continuously striving to benefit people by creating products that have never been seen before" and will achieve further growth and progress.

Since its founding, Glory has responded to the trends of the times through innovation and consistently manufacturing products that society needs. Despite the dramatic evolution of the environment surrounding us,

times of change always present business opportunities. We must take on new challenges to cope with such changes as the diversification of payment methods, emerging technologies such as AI and IoT, and the growing automatization needs amid a labor shortage. We have demonstrated innovation in currency processing and providing solutions and products that meet the needs of customers. We will endeavor to realize our Long-Term Vision 2028, which states "We enable a confident world," by deepening our existing businesses while embarking into new fields and creating fresh value through open innovation.

Focusing on Creating New Businesses Domains

We have positioned our 2020 Medium-Term Management Plan as a period of preparation for realizing the Long-Term Vision 2028 we set forth in April 2018. The plan focuses on creating new businesses by advancing the core technologies we have developed and promoting open innovation while evolving our cash handling business. We identified the establishment of the personal identification and authentication business as a new domain. We expect it to contribute to a more secure society with greater convenience in everyday lives by realizing highly accurate, secure personal identification and authentication through the fusion of our facial recognition technology and the speech recognition technology of FueTrek Co., Ltd., which became our capital and business alliance partner in 2018.

Toward the Creation of a Sustainable Society

Solutions for social concerns such as human rights and environmental protection have become increasingly urgent. The movement to address these issues has been expressed worldwide as sustainable development goals (SDGs), adopted by the United Nations in 2015. As an international corporate group, we will seriously face these issues and promote environmental, social and governance (ESG) investment through our business operations, including our supply chain, to contribute to the achievement of the SDGs.

We will continue to promote management based on our corporate philosophy, earn the trust of our stakeholders, and strive to be a corporate group that contributes to the realization of a sustainable society.

August, 2019

2020 Medium-Term Management Plan, and Major Initiatives Taken in Fiscal Year 2019

| Policy 1 Existing Business | | Build foundations for realizing sustainable business management | |
|---|--|--|--|
| Item | Overview | | |
| <p>Overseas business</p> <p>Further growth in the financial sector by expanding the business of self-service machines and accelerating business in the retail sector</p> | <p>Financial</p> | <ul style="list-style-type: none"> Promote sales of self-service products | |
| | <p>Retail</p> | <ul style="list-style-type: none"> Enhance product lineup to expand customer base | |
| <p>Domestic business</p> <p>Promote solution proposals that flexibly respond to changing markets</p> | <p>Financial</p> | <ul style="list-style-type: none"> Strengthen solution proposals on next-generation branch-style operations and increase sales | |
| | <p>Retail</p> | <ul style="list-style-type: none"> Cultivate new customers and business categories for coin and banknote recyclers for cashiers | |
| | <p>Amusement</p> | <ul style="list-style-type: none"> Strengthen solution proposals for systems and services to improve operational efficiency of pachinko parlors | |
| Policy 2 New Business | | Strengthen collaboration with various partners to solve social issues | |
| Item | Overview | | |
| <p>Promote new business domains</p> | <p>Establish the personal identification and authentication business</p> | <ul style="list-style-type: none"> Launch a demonstration of payments using biometric authentication technology prior to commercialization | |
| | <p>Promote an automated society</p> | <ul style="list-style-type: none"> Strengthen the development and sales systems for the robot SI business | |
| Policy 3 Management Base | | Realize higher productivity and robust corporate constitution that directly generate outcome | |
| Item | Overview | | |
| <p>Organizational climate reform to realize open innovation</p> | <ul style="list-style-type: none"> Implement measures to acquire and develop human resources to support business growth | | |

Corporate Information

Profile

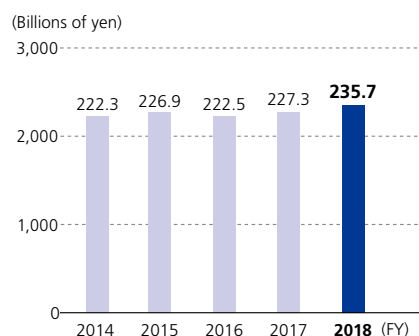
| | |
|-------------------------------------|---|
| Corporate name : GLORY LTD. | Stock listings : Tokyo Stock Exchange (1st Section) |
| Founded : March 1918 | Number of employees : 3,447 (Group: 9,674) Note: As of March 31, 2019 |
| Incorporated : November 1944 | Line of business : Development, manufacturing, sales, and maintenance of cash handling machines, data processing equipment, peripheral devices with data processing equipment, vending machines, automatic service equipment, etc. |
| Capital : ¥ 12,892,947,600 | |

Business Segments

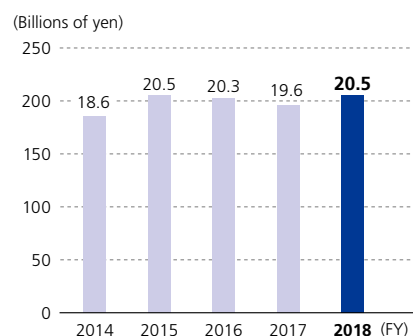
| | Main Customers | Main Products and Goods |
|---|---|--|
| Financial Market  | Financial institutions, OEM clients, and others in Japan | Open teller systems Coin and banknote recyclers for tellers Coin recycling modules for ATMs Multifunctional banknote changers Cash monitoring cabinets Security storage systems Key management systems Banknote recycling modules for horse race ticket vending machines |
| Retail and Transportation Market  | Supermarkets, department stores, cash-in-transit companies, railroad companies, tobacco companies, hospitals, local governments, general companies, and others in Japan | Coin and banknote recyclers for cashiers Sales proceeds deposit machines Multifunctional banknote changers Cash recyclers for gas stations Coin-operated lockers Ticket vending machines Cigarette vending machines Medical payment kiosks RFID self-checkout systems for cafeterias Ballot sorters for handwritten ballots |
| Amusement Market  | Amusement halls (pachinko parlors) and others in Japan | Card systems for pachinko parlors Banknote conveyor systems Pachinko prize dispensing machines Pachinko ball counters for individual pachinko machines Membership management systems for pachinko parlors Pachinko ball/token counters |
| Overseas Market  | Financial institutions, cash-in-transit companies, retail stores, casinos, OEM clients, and others overseas | Banknote recyclers for tellers Banknote sorters Banknote and check deposit modules for ATMs Banknote counters Coin and banknote recyclers for cashiers Sales proceeds deposit machines Coin wrappers |
| Other | Other than those above | Other than those above |

Financial Data (Consolidated)

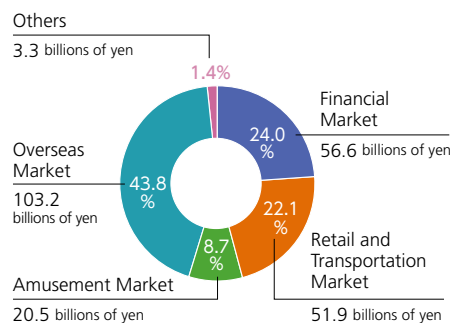
Net Sales



Operating Income

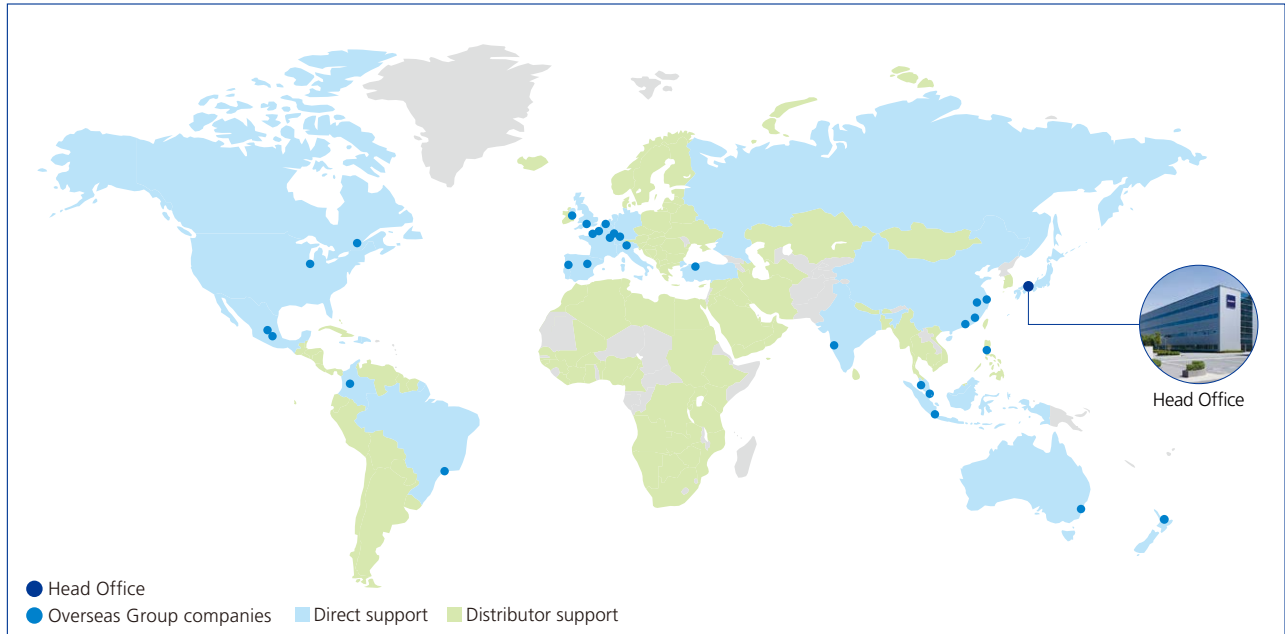


Sales and Sales Composition Ratio by Business Segment



Glory Group's Global Operations

The Glory Group operates its direct sales and maintenance service network in more than 20 countries. We provide products and solutions in more than 100 countries.



Group Companies

JAPAN

Development & Manufacturing

- GLORY Products Ltd.
 - GLORY AZ System Co., Ltd.
 - GLORY System Create Ltd.
 - GLORY Friendly Co., Ltd.
 - GLORY Mechatronics Ltd.
- (and one other company)

Sales & Maintenance

- GLORY Service Co., Ltd.
 - Hokkaido GLORY Co. Ltd.
 - GLORY IST Co., Ltd.
 - GLORY NASCA Ltd.
 - GLORY Techno 24 Co., Ltd.
 - GLORY Engineering Ltd.
 - Japan Settlement Information Center Ltd.
- (and one other company)

EUROPE

Sales & Maintenance

- Sitrade Italia S.p.A.
 - Glory Global Solutions Ltd.
 - Glory Global Solutions (Topco) Ltd.
 - Glory Global Solutions (Midco) Ltd.
 - Glory Global Solutions (Holdings) Ltd.
 - Glory Global Solutions (International) Ltd.
 - Glory Global Solutions (France) S.A.S.
 - Glory Global Solutions (Belgium) N.V./S.A.
 - Glory Global Solutions (Germany) GmbH
 - Glory Global Solutions (Netherlands) BV
 - Glory Global Solutions (Spain) S.A.
 - Glory Global Solutions (Switzerland) A.G.
 - Glory Global Solutions (Portugal) S.A.
 - Glory Global Solutions RUS, LLC
 - Glory Global Solutions (Ireland) Ltd.
 - Glory Global Solutions Nakit Otomasyon Teknolojileri Ltd.Şti.
- (and 4 other companies)

AMERICAS

Sales & Maintenance

- Glory Global Solutions Inc.
 - Glory Global Solutions (Canada) Inc.
 - Glory Global Solutions (Brasil) Máquinas e Equipamentos Ltda .
 - Glory Global Solutions (Colombia) S.A.
 - Glory Global Solutions (Mexico) S.A.PI DE C.V.
- (and 2 other companies)

ASIA

Manufacturing

- GLORY Denshi Kogyo (Suzhou) Ltd.
 - GLORY (PHILIPPINES), INC.
 - GLORY IPO Asia Ltd.
 - GLORY IPO China Ltd.
- (and one other company)

Sales & Maintenance

- Glory Global Solutions (Singapore) Pte. Ltd.
 - Glory Global Solutions (Australia) Pty. Ltd.
 - Glory Global Solutions (New Zealand) Ltd.
 - Glory Global Solutions (South Asia) Pvt. Ltd.
 - Glory Global Solutions (Malaysia) Sdn. Bhd.
 - Glory Global Solutions (Shanghai) Co., Ltd.
 - Glory Currency Automation India Pvt. Ltd.
 - PT. Glory Global Solutions Indonesia
 - Glory Global Solutions (Hong Kong) Ltd.
- (and one other company)

1 Special Report

Introducing a Next-generation Branch Concept

Supporting Financial Institutions by Reorganizing Their Branches



We have presented the EvolBranch Concept to next-generation branches of Japanese financial institutions.

EvolBranch Concept for Next-generation Branches

The EvolBranch Concept is Glory's vision of reform for the next-generation branches of financial institutions over the coming decade. As exemplified by online transactions, connections between domestic financial institutions and their customers are becoming increasingly diversified. To address this business transformation, banks are reviewing the concepts underlying branches and their operations, with a shift in focus from large branches that provide a full line of services to minimized branches. In this context, we offer a new concept for next-generation branches, which leverages various solutions incorporating the expertise in branch operations that we have developed over many years. We will support financial institutions to improve

their profitability and customer convenience, leading to greater satisfaction by creating next-generation branches and further improving operational efficiency.

Evolution × Branch
Ever-Evolving Branches



The combination design image of analogue and digital

EvolBranch Solutions

We offer diverse solutions for customers reorganizing their branches.



Branch Image One to Three Years from Now

Smart Branch

We envisioned reconstructing branch networks, reviewing customer guidance routes, reducing back office workloads, and strengthening operations by categorizing branches into four types, and we will also consider daily visitor numbers and site characteristics.

Large Branch

Regional main branch / Full-banking branch



Medium Branch

Small amount transaction



Small Branch

Personal consultation



Automated Branch

Self-service



Point 1 A concierge guides customers to appropriate services after determining the purpose of their visit.



Point 2 The open teller systems and security storage systems provide branches without tellers or vaults.

Digital Branch

Office space is reduced to allow for expansion of the lobby, where the counter is replaced by a booth at which various transactions are made directly with the customer. Branches are thereby transformed from office environments into spaces for business transactions and consultation.



Point 1 Consultation booths support customers who are opening a new account and can handle a number of transactions while also identifying opportunities to provide other financial services.



Point 2 Staff numbers and space are both reduced due to centralized workflows.



Point 3 Consultation spaces are secure in terms of privacy, and specialized personnel not onsite can provide remote consultation as necessary via a dedicated computer.



Point 4 A high counter for handling transaction taxes, utility bills, and large payments is replaced with self-service terminals.

Branch image six years from now

IoT Branch

An unstaffed branch deploys the latest technologies while automated devices provide customer guidance along with AI-based consultation for asset management.



Branch image ten years from now

2 Special Report

Enabling Patients to Return Home Without Having to Wait to Pay








Our products help reduce burdens on both hospital staff and patients



Here we report on our efforts to address issues that hospitals face: improving accounting efficiency and reducing the wait time for payment.

Our Track Record in this Field

We initiated this business in 1999 by developing the FK-200 medical payment kiosk, which can be used similar to a bank ATM. In 2004, we developed the PHD-10 credit card-compliant medical payment kiosk, followed by the FHP-10 medical payment kiosk featuring dramatically improved operability and visibility in 2010, and thus solidified our commitment to the continual upgrading of our product line. In 2018, we developed for the medical care industry a deferred payment system that eliminates the wait time required for patients to make payments.

| | | | | | | |
|---|---|---|---|--|---|---|
| 1999 | 2004 | | 2010 | 2014 | 2016 | 2018 |
|  |  |  |  |  |  |  |
| Medical payment kiosk FK-200 | Medical payment kiosk FKS-10 | Medical payment kiosk PHD-10 | Medical payment kiosk FHP-10 | Medical payment kiosk FHP-20 | Automatic medical payment kiosk FHP-S10 | Deferred payment system for the medical care industry |
| Allows patients to pay their bills in a similar way to using an ATM | Offer a sense of security through the designs | Accepts credit/debit card payment | Features a color universal design | Accepts electronic money payment | A smaller, lower-cost unit | Eliminates wait time for payment |

Developing a Medical Deferred Payment System for the Medical Care Industry

We developed a medical deferred payment system for the medical care industry in July 2018. The system is intended to reduce the wait time for payment by patients and increase the convenience of paying hospital medical bills. It also allows patients who want to pay later to make deferred payments on their bills by registering their hospital ID card number, credit card information and mail address via a computer or smartphone. After a doctor's examination, patients can go home without having to immediately pay their medical bill.

Using an interface between the medical payment kiosk and medical accounting system, hospital staff can automate administrative tasks such as verifying and reconciling cash receipts that had previously been processed manually, thereby significantly improving the efficiency of accounting operations. The system contributes to reducing staff workload at peak hours by performing accounting operations outside those hours, and ultimately boosts the productivity of hospital administrative staff and addressing the labor shortage.

The Flow of Patients Before and After Introducing the System

Before
Introducing
the System



After
Introducing
the System



Principal Benefits for Hospital

- Improved accounting efficiency
- Reduced staff workload during peak hours
- More effective use of staff during off-peak hours

Principal Benefits for Patient

- No wait time for payment
- No fee to use system
- Bill can be paid by credit card
- Reduced risk of nosocomial infection

VOICE



Ms. Rumi Ogawa (left)
Juntendo Hospital

Ms. Chikako Umezawa (right)
Juntendo Hospital

We are striving to create a comfortable environment in the hospital.

Our hospital handles around 5,000 outpatients every day, so the wait times for payment are long. We needed to address the challenges of mitigating long queues at the accounting desks and reduce wait time. We introduced Glory's medical payment kiosks as a way to alleviate the crowded conditions. Recently, we realized the situation could be further improved when Glory recommended its deferred payment system, which greatly benefits outpatients by enabling them to return home right after their appointment, and so we introduced the system.

As more people use the system, there will be fewer crowds in the hospital, and outpatients who pay their bills in cash will be able to return home sooner as well.

Glory's CSR

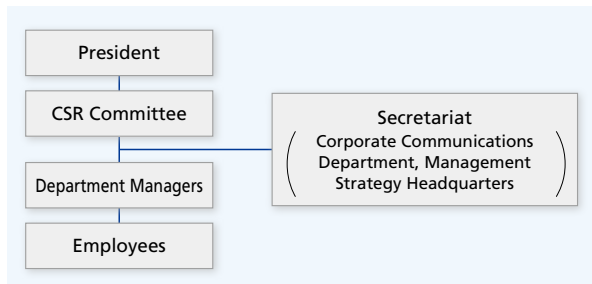
Basic Philosophy

Under our corporate philosophy of contributing to the development of a more secure society through a striving spirit and cooperative efforts, the Glory Group participates in realizing a sustainable society by addressing social issues and creating new value through advanced technologies and the core technologies developed.

CSR Promotion Framework

The Glory Group's CSR management is led by the CSR Committee, which is chaired by the President and made up of executives. The committee convenes twice a year, at which time it deliberates on the basic direction and plans for CSR management and establishes policies for major annual CSR initiatives.

CSR Promotion Framework



CSR Education

Every employee in the Glory Group receives a copy of the *Guidelines of GLORY* handbook, which contains information such as the corporate philosophy, management creed, and the Corporate Action Guidelines. The handbook is available in eight different language versions to ensure that employees around the world have the shared understanding needed to realize Glory's corporate philosophy. Glory also seeks to deepen employee understanding of CSR through an e-learning program and the publication of CSR-related information on its intranet.



Guidelines of GLORY handbook

United Nations Global Compact

Glory signed the United Nations Global Compact in March 2014. We believe that the ten principles of the four areas of human rights, labour, environment, and anti-corruption share common values with our Group's Corporate Action Guidelines. By making various efforts based on these guidelines, the Glory Group will strive to realize its Corporate Philosophy while at the same time taking actions to address global challenges.



The Ten Principles of the United Nations Global Compact

| | |
|-----------------|--|
| Human rights | Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and |
| | Principle 2: make sure that they are not complicit in human rights abuses. |
| Labour | Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; |
| | Principle 4: the elimination of all forms of forced and compulsory labour; |
| | Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation. |
| Environment | Principle 7: Businesses should support a precautionary approach to environmental challenges; |
| | Principle 8: undertake initiatives to promote greater environmental responsibility; and |
| | Principle 9: encourage the development and diffusion of environmentally friendly technologies. |
| Anti-corruption | Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. |

WEB [Glory signs the United Nations Global Compact](https://corporate.glory-global.com/csr/csr_news/detail?id=722)
https://corporate.glory-global.com/csr/csr_news/detail?id=722

Contribution to Achieving the Sustainable Development Goals (SDGs)

The SDGs, adopted by the United Nations in 2015, represent worldwide goals for 2030 related to social issues such as poverty, employment, and environmental protection. Glory is striving to address such global challenges and contributes to the realization of a sustainable society by achieving SDGs through its business operations.



Stakeholder Engagement

Glory openly communicates with stakeholders and discloses appropriate information.

| Stakeholders | Principal Engagement Opportunities | |
|---|---|--|
|  <p>Customers</p> | <p>When Glory introduces products and solutions in Japan or other parts of the world, it uses these occasions to communicate directly with customers.</p> <ul style="list-style-type: none"> • Daily sales activities • Call Centers • Visits for maintenance • Exhibitions • Showroom tours • Factory tours • Glory's official website |  <p>Participating in Equipmag 2018, the largest trade show for retailers in France.</p> |
|  <p>Business Partners</p> | <p>Suppliers are key partners that enable Glory to consistently manufacture high-quality products, and therefore the establishment of a system for cooperation is vital. The Glory Group focuses on maintaining trusting relationships that allow the Group and its suppliers to share the common goal of achieving a sustainable society.</p> <ul style="list-style-type: none"> • Customary purchasing activities • Supplier Conferences • Quality Conferences • Quality Improvement Activity Workshops • Quality Policy Briefings for Suppliers • Visits to business partners |  <p>Quality Improvement Activity Workshop</p> |
|  <p>Shareholders and Investors</p> | <p>Glory seeks to maintain long-term trusting relationships with shareholders and investors. To this end, it engages in constructive dialogue to deepen the understanding of Glory's management policies and business activities. It also improves management transparency through prompt, accurate, and fair information disclosure.</p> <ul style="list-style-type: none"> • General meeting of shareholders • Financial results briefings • Conference calls • Visits to institutional investors • Small meetings • Showroom tours, factory tours • Briefings for individual investors • IR section of the Glory website |  <p>Showroom tour for shareholders following the general meeting of shareholders</p> |
|  <p>Employees</p> | <p>Senior executives closely interact with employees to enhance their sense of involvement in business management, boost motivation, and foster a sense of unity across the Glory Group.</p> <ul style="list-style-type: none"> • Meetings with the president, president's site visit • Group company visits • Labor-management consultation • Employee awareness surveys • Goals/career interviews • Various training and educational programs • In-house newsletter • Intranet |  <p>President's site visit</p> |
|  <p>Local Communities</p> | <p>As a good corporate citizen, Glory actively participates in social contribution and environmental protection activities around the world.</p> <ul style="list-style-type: none"> • Fostering the next generation through the GLORY Foundation for Elementary School Students • Supporting the promotion of sports • Programs to support developing countries • Forest conservation, tree-planting, and clean-up activities • Nature appreciation events • Collaboration with NPOs |  <p>Participating in a tree-planting event</p> |

Glory's CSR Material Issues

Process for identifying CSR material issues and their relationship to SDGs

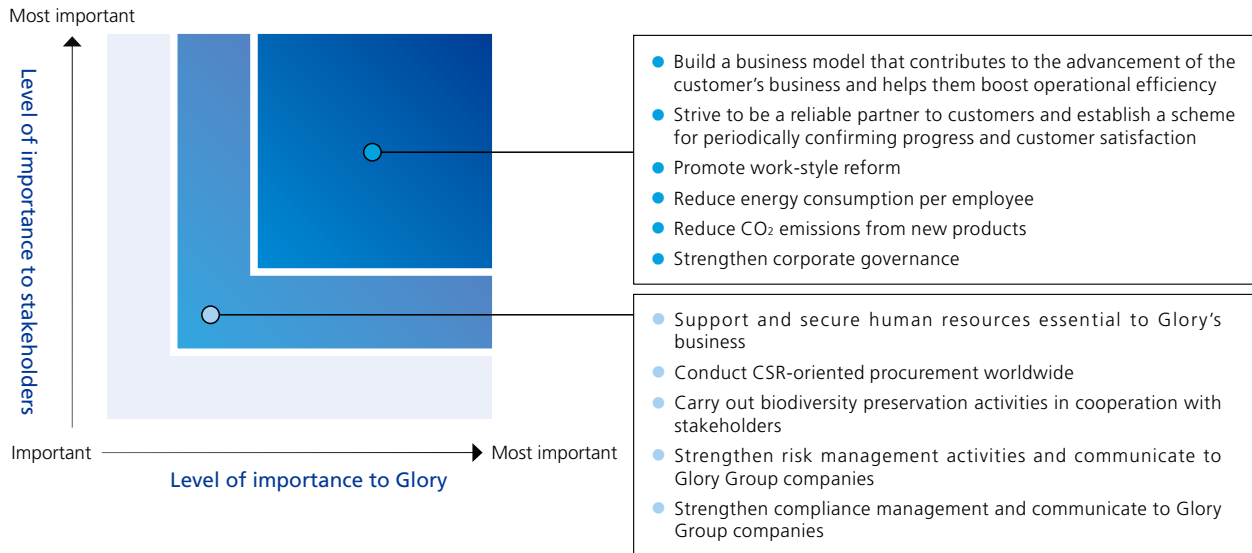
We identified priority material issues based on the following process and identified the relationship of these material issues to SDGs.



Targets and Results

| | Priority CSR Themes | Material Issues | Targets for Fiscal Year 2018 |
|---------------------------|--------------------------------------|--|--|
| <p>Creating new value</p> | New value creation through business | <ul style="list-style-type: none"> Build a business model that contributes to the advancement of the customer's business and helps them boost operational efficiency | <ul style="list-style-type: none"> Create solutions based on diverse data |
| | | <ul style="list-style-type: none"> Strive to be a reliable partner to customers and establish a scheme for periodically confirming progress and customer satisfaction | <ul style="list-style-type: none"> Select model customers and periodically review |
| <p>Society</p> | Human resource initiatives | <ul style="list-style-type: none"> Promote work-style reform | <ul style="list-style-type: none"> Implement and verify new ways of working Boost operational efficiency |
| | | <ul style="list-style-type: none"> Support and secure human resources essential to Glory's business | <ul style="list-style-type: none"> Offer job-level-specific training and support candidates who can lead the company in the future |
| <p>Environment</p> | Promotion of CSR in the supply chain | <ul style="list-style-type: none"> Conduct CSR-oriented procurement worldwide | <ul style="list-style-type: none"> Continue to use the CSR voluntary checklist and work to improve assessment scores Spread activities to overseas sites |
| | | <ul style="list-style-type: none"> Reduce energy consumption per employee Reduce CO₂ emissions from new products Carry out biodiversity preservation activities in cooperation with stakeholders | <ul style="list-style-type: none"> Reduce energy consumption per employee by 1% (base year: fiscal year 2010) Improve energy efficiency of newly developed products by at least 15% compared to previous models Carry out 100% of activities planned for this fiscal year |
| <p>Governance</p> | Strengthening of governance | <ul style="list-style-type: none"> Strengthen corporate governance | <ul style="list-style-type: none"> Conduct activities in line with the Corporate Governance Guidelines |
| | | <ul style="list-style-type: none"> Strengthen risk management activities and communicate to Glory Group companies Strengthen compliance management and communicate to Glory Group companies | <ul style="list-style-type: none"> Conduct risk management from a global perspective and communicate activities to Glory Group companies Conduct job-level-specific compliance education and strengthen collaboration with Glory Group companies |




Materiality Map



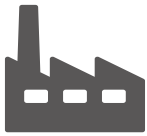
| Results for Fiscal Year 2018 | Targets for Fiscal Year 2019 | Relevant SDGs |
|---|--|---------------|
| <ul style="list-style-type: none"> Planning of an identity verification authorization platform through the combination of facial recognition and voice recognition Development of a prescription input support system based on optical character reading (OCR) technology for insurance pharmacies Participation in an "S Coin" trial | <ul style="list-style-type: none"> Create solutions based on diverse data | 8 9 11 12 |
| <ul style="list-style-type: none"> Selection of "model customers," quarterly review meetings (July, September, November, March) | <ul style="list-style-type: none"> Select model customers and periodically review | 8 12 17 |
| <ul style="list-style-type: none"> Trial implementation of teleworking (mobile work, working at home) Consideration of flextime, preparations for trial implementation Introduction of new system to reduce the administrative burden of travel expenses and reimbursements | <ul style="list-style-type: none"> Implement and verify new ways of working | 5 8 10 |
| <ul style="list-style-type: none"> Implementation of Glory Business College training for future executives (total of seven programs) | <ul style="list-style-type: none"> Offer job-level-specific training and support candidates who can lead the company in the future | 4 5 8 10 |
| <ul style="list-style-type: none"> Implementation of survey using the CSR voluntary checklist (452 primary suppliers), feedback to companies that responded (approximately 96% response rate) Implementation of survey by GLORY Products Ltd. using the CSR voluntary checklist (95 primary suppliers), feedback to companies that responded (100% response rate) Preparation for implementation of CSR voluntary checklist survey at overseas sites | <ul style="list-style-type: none"> Continue to use the CSR voluntary checklist and work to improve assessment scores Spread activities to overseas sites | 8 10 12 17 |
| <ul style="list-style-type: none"> Annual average energy consumption per employee reduced by 2.2% (base year: fiscal year 2010) | <ul style="list-style-type: none"> Reduce energy consumption per employee by 1% (base year: fiscal year 2010) | 13 |
| <ul style="list-style-type: none"> Average reduction of 16.1% (targets achieved for 14 out of 32 models, which were approved as G-Eco products) | <ul style="list-style-type: none"> Improve energy efficiency of newly developed products by at least 15% compared to previous models | 7 12 13 |
| <ul style="list-style-type: none"> 100% achievement ratio for yearly plans Himeji: Glory Yumesaki Forest <ul style="list-style-type: none"> Forest conservation activity (83 participants, including 16 from three suppliers) Nature experience event for families (94 participants, including nine from one customer) Kanto area: Kamikawa in Hachioji, Tokyo (designated greenery conservation area) <ul style="list-style-type: none"> Forest conservation activity (54 participants, including three from one supplier) Arakawa riverside in Tokyo <ul style="list-style-type: none"> Riverside clean-up project (28 participants) | <ul style="list-style-type: none"> Carry out 100% of activities planned for this fiscal year | 14 15 |
| <ul style="list-style-type: none"> Amendment of Corporate Governance Guidelines Revision of remuneration system for directors (improvement of linkage with performance) Analysis and assessment of the effectiveness of the Board of Directors, implementation of improvements | <ul style="list-style-type: none"> Conduct activities in line with the Corporate Governance Guidelines | 16 |
| <ul style="list-style-type: none"> Risk assessment using a standard Group assessment method Implementation of countermeasures against significant risks | <ul style="list-style-type: none"> Conduct risk management from a global perspective and communicate activities to Glory Group companies | 16 |
| <ul style="list-style-type: none"> Implementation of compliance education (e-learning) for Glory and Group companies in Japan (attendance: 100%) Formulation and implementation of compliance improvement plan for Group companies in Japan Introduction of measures to strengthen harassment prevention, extension of the measures to Group companies in Japan | <ul style="list-style-type: none"> Conduct job-level-specific compliance education and strengthen collaboration with Glory Group companies | 10 16 |

Major CSR Initiatives in the Value Chain

The Glory Group is implementing these major initiatives for each stakeholder category in the value chain.

| | Planning | Development | Procurement |
|--|--|---|---|
| Value Chain |  <p>Glory continues to take the challenges of addressing social issues by delivering products and solutions that provide value to customers.</p> |  <p>As a development-oriented company, Glory is working to create new value that exceeds the expectations of customers as well as society.</p> |  <p>Besides carrying out fair and open purchasing and ensuring stable procurement, Glory incorporates CSR throughout its entire supply chain.</p> |
| Major Initiatives for Each Stakeholder | <p>Customers</p> <ul style="list-style-type: none"> • Create new value and solutions • Plan products that match customer needs <p>Product lineup</p> <p>Approx. 950</p> | <p>Customers</p> <ul style="list-style-type: none"> • Swiftly develop products that match customer needs • Ensure quality • Incorporate universal design • Develop products utilizing new technologies <p>R&D sites</p> <p>11 sites in 7 countries</p> <p>R&D investment</p> <p>Approx. 13.2 billion yen (consolidated)</p> <p>Number of patents, utility models, and designs owned by Glory</p> <p>2,053 (consolidated)</p> | <p>Customers</p> <ul style="list-style-type: none"> • Ensure quality and pursue appropriate, competitive pricing <p>Business partners</p> <ul style="list-style-type: none"> • Promote CSR-oriented procurement in unison with suppliers • Strengthen partnerships with suppliers • Respect human rights within the supply chain <p>Response rate of the CSR voluntary checklist</p> <p>Approx. 96 % (GLORY LTD.)</p> <p>100 % (GLORY Products Ltd.)</p> <p>Number of companies participating in Supplier Conferences</p> <p>170 (GLORY LTD.)</p> <p>62 (GLORY (PHILIPPINES), INC.)</p> <p>97 (GLORY Denshi Kogyo (Suzhou) Ltd.)</p> |
| | <p>Customers Global environment</p> <ul style="list-style-type: none"> • Plan environmentally friendly products <p>Global environment</p> <ul style="list-style-type: none"> • Map out the product life cycle | <p>Customers Global environment</p> <ul style="list-style-type: none"> • Develop environmentally friendly products <p>G-Eco products</p> <p>Developed 14 models</p> | <p>Global environment</p> <ul style="list-style-type: none"> • Promote green procurement • Preserve biodiversity |
| | <p>Employees</p> <ul style="list-style-type: none"> • Develop global human resources | <p>Employees</p> <ul style="list-style-type: none"> • Promote a work-life balance • Provide education to improve employee skills | |
| Environmental Impact | <p>Energy-induced CO₂ emissions 15,135 t-CO₂ (9.5% decline over previous fiscal year)</p> | | <p>CO₂ emissions from parts and materials procured</p> <p>Scope 3, Category 1</p> <p>179,946 t-CO₂</p> <p>(2.1% increase over previous fiscal year)</p> |

Manufacturing



Under Glory's optimized manufacturing system, each of the company's factories around the world applies its own strengths to deliver high-quality products in a timely manner.

Customers

- Ensure quality and reliable supply
- Shorten lead time
- Boost cost competitiveness

Manufacturing system

9 sites in 3 countries

Global environment

- Manufacturing and distribution processes that facilitate saving, recycling, and reusing resources

Local communities

- Ensure safety in the vicinity of each plant

Employees

- Respect human rights and ensure occupational health and safety

Lost Time Injury Frequency Rate

0.40

Sales



Glory flexibly responds to the changing market environment so it can provide optimized solutions, in a timely manner, that match customer needs.

Customers

- Provide products and solutions in a timely manner that match customer needs
- Provide appropriate information on products and services
- Properly manage customer information and personal information

Sell products and solutions in over 100 countries

Customers

Global environment

- Sell environmentally friendly products

G-eco products account for approx. 73% of sales

Global environment

- Reduce environmental impact at the time of disposal

Collection of used products (using the Wide-area Certificate System)

Approx. 98 t (GLORY LTD., Hokkaido GLORY Co., Ltd.)

Employees

- Promote a work-life balance
- Introduce a teleworking program
- Develop SEs (system engineers)

Maintenance



Glory operates a highly reliable support system and provides high-value-added services that correspond with customer needs to earn the trust of customers and provide them with satisfaction and peace of mind.

Customers

- Provide prompt, reliable maintenance
- Improve maintenance quality through customer focus
- Plan services that match customer needs
- Properly manage customer information and personal information

Number of maintenance personnel

Japan: approx. 1,000

Overseas: approx. 2,400

Global environment

- Switch to eco-cars
- Sell CFC-free cleaning goods (Recycle Jet)

Number of newly filled Recycle Jets

Approx. 60,000 units (reduced CO₂ emissions: approx. 30,000 t)

Employees

- Promote a work-life balance
- Train employees based on qualification systems

Scope 1

Scope 2

CO₂ emissions from product usage
199,684 t-CO₂ (Scope 3, Category 11) (7.8% increase over previous fiscal year)

CO₂ emissions from transportation and shipping
13,210 t-CO₂ (Scope 3, Category 4) (+0.5% increase over previous fiscal year)

CO₂ emissions from product disposal

Scope 3, Category 12

2,645 t-CO₂ (0.5% increase over previous fiscal year)

Products and Services

Under its Quality Policy, Glory provides safe, high-quality products and services.

Quality Policy

Glory established its Quality Policy in 1999 and seeks to ensure uniform quality based on three priority guidelines. Thorough quality control is implemented throughout all stages of its business operations, from product planning, development, procurement, and manufacturing to sales and maintenance, so that it can respond to customer needs and develop reliable products and services.

Quality Policy

We will provide products and services in a timely manner to win the confidence and satisfaction of customers.

Three Priority Guidelines

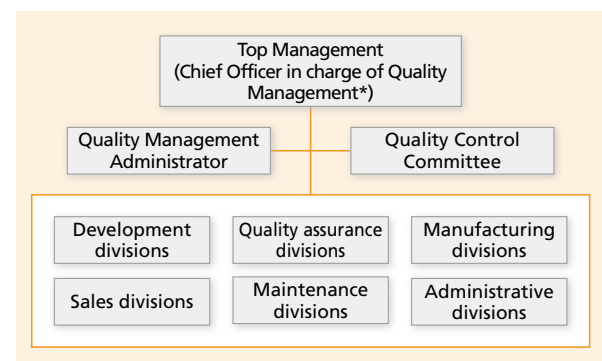
1. By sensing advanced market needs, develop products that are attractive to customers.
2. Establish the quality of products at the earliest stage possible.
3. Place importance on the customers' first impression of quality and on after-sales services.

To achieve the above, our company will satisfy the requirements of laws and regulations and customers' requirements, and continually improve the effectiveness of the quality management system.

Department comprehensively handles the quality control of post-shipping maintenance services. We have also established the Quality Control Department to handle overall quality control, and we continue to improve our entire internal quality management system.

To prevent any recurrence of quality issues, we hold product safety meetings, attended by representatives from the related departments, to periodically evaluate the effectiveness of measures conducted through examination and discussion as well as standardization.

Quality Management System



*The chief officer of the quality management system, who is entrusted by the president with all authority and responsibility to promote and maintain the quality management system.

Quality Management System

All our business sites and regional offices in Japan have acquired ISO 9001 international standard certification. We formulate the annual quality control policy under the Basic Policy for Management and Quality Policy. Under each year's policy, we work to improve our quality assurance system as well as the quality of our products and services to earn customer trust.

Furthermore, we disseminate the annual quality control policy across departments, review the status of the implementation, and horizontally share information on quality problems and counter measures across departments through the establishment of the Quality Control Committee and a management review. Through these efforts, we work together to conduct quality control activities in alignment with our business by applying the PDCA cycle.

With regard to our product quality management system, the Quality Assurance Department is responsible for quality assurance, from development through to the shipping of products, while the Maintenance

Executing Consistent Quality Control

All Glory departments, from planning and development through maintenance, closely collaborate with each other and work to create products that satisfy the diverse needs of customers by conducting product and technical development from the client's perspective.



Quality Assurance at the Planning and Development Stage

Subscribing to the general belief that 70% to 80% of product quality is determined at the planning and development stage, which sets the standard for all subsequent stages, Glory focuses continuous improvement from that point. Quality confirmation is then executed at every stage throughout manufacturing and shipping and by conducting design reviews and evaluation tests. In addition, the Quality Assurance Department conducts product safety reviews to confirm that no safety issues have emerged and ensures that our quality and safety controls are thorough and comprehensive.

As a provider of products and services in over 100 countries around the world, Glory endeavors to enhance quality assurance from the development of quality control standards to the implementation of intensive staff training in order to develop products that comply with the respective regulations, laws, and standards of each country.

Developing Human Resources who Support Quality

We emphasize education and training to improve the technical skills of designers as part of our efforts to develop high-quality products. For instance, we conduct level-based training programs and enhanced training for young designers to develop and improve their fundamental design competencies and quickly acquire skills.

We also hold technical presentations to promote horizontal deployment of technologies, learn market characteristics, and improve the technical skills of designers. Each department shares its top technological achievements towards improving the speed of delivering products with reliable quality to customers.



Training session for young designers

Information Provision and Product Labeling

We focus on providing adequate information on products to enable safe customer use.

We have established guidelines for product information displays, labeling, and user manuals so customers can

safely and efficiently use and maintain our products. Our guidelines stipulate type styles, writing styles, and other information to prevent misunderstanding or misreading. In addition, text is accompanied by illustrations and photos for greater clarity. Safety explanations in user manuals are provided in multiple languages, so customers around the world can use our products worry-free.

To prevent product failures from deterioration associated with long-term use, we attach precaution labels to items such as coin and banknote recyclers for tellers and banknote changers. The information is also posted on our website.

WEB

To safely use our product (Japanese only)
<https://www.glory.co.jp/safety/>

Efforts to Improve Maintenance Quality

We also pay close attention to post-shipping quality control to ensure that customers can confidently use our products, which are repaired and inspected by our technical staff.

Members of our technical staff constantly improve their technical skills and response capability to provide customers with fast, reliable maintenance service. In Japan, they attend group maintenance training and engage in self-study e-learning classes to acquire basic knowledge and practical skills. Follow-up courses are provided as needed after the initial training to ensure technical staff can maintain and enhance their skill levels. At overseas sites, we conduct group skill training by region or country. The staff responsible for each product model train technical staff in the products being offered in their market. Glory is strengthening the effectiveness of this training by having trainees undergo preparatory study via an online education system ahead of the training day.

Maintenance managers from each region of the world meet to share their initiatives and success stories regarding their respective maintenance work and summarize their progress in actions underway on a global scale. In order to provide maintenance services that meet the diverse needs of customers, Glory will improve maintenance quality across the entire Glory Group and raise the level of performance at each of these operations.

WEB

Maintenance service (Japanese only)
<https://www.glory.co.jp/support/>

Supply Chain Management

We view our business partners as key partners and seek to establish a relationship of trust and mutual growth through fair and open trading as well as compliance with all laws and ordinances.

Purchasing Policy

We, as a Glory Group, procure parts from our suppliers in a fair and transparent manner in all aspects of our transactions, while strictly observing related laws and regulations, and establishing the relationship built on the trust with them as their partner. We also proceed our procurement activities taking into consideration of the concept of both CSR and the environmental conservation for developing sustainable societies.

1. Strict compliance with legal and social norms

In addition to strict compliance with applicable laws, we respect the ethical norms of society and promote transparency, fairness, and equitability in our purchasing activities.

2. Environmental preservation

Based on Glory's Environmental Policy, "We will act in earth-friendly ways and endeavor to provide environmentally-conscious products with services that contribute to a sustainable society." We are committed to environmental preservation initiatives, and we have established Green Procurement Standards covering the purchasing and procurement of materials.

3. Fairness and impartiality in transactions

Glory provides opportunities on an impartial basis to all suppliers who comply with our selection guidelines, regardless of whether or not they are based in Japan and without regard to prior transaction history. We endeavor to find the best suppliers for our company by maintaining free competition and ensuring fair evaluation and selection.

4. Maintenance of quality and competitive and reasonable pricing

Our Quality Policy is "We will provide products and services in a timely manner to win the confidence and satisfaction of customers." We focus on quality, price, delivery schedules, and technology development, and we make active use of proposals from our suppliers regarding new materials and ways to lower costs.

5. Mutual advancement based on relationships of trust

Through fair transactions, we aim to establish relationships of trust with suppliers and contribute to our mutual advancement.

6. Management and protection of information

Confidential business and technical information acquired by Glory in the course of purchasing transactions is managed strictly and never divulged to outside parties without the consent of the supplier concerned.

7. Promotion of CSR-conscious procurement

We promote our procurement activities through seriously considering the concept of CSR.

Strengthening Partnerships with Business Partners

Business partners are important partners that enable Glory to manufacture high-quality products consistently, while having a cooperative system in place is vital.

Glory therefore holds its annual Supplier Conference in Japan, during which it explains the company's current situation, strategies, and purchasing policy. In fiscal year 2018, Glory held the conference in May, with 170 business partners in attendance. Conferences are also held at GLORY Products Ltd., GLORY Denshi Kogyo (Suzhou) Ltd., and GLORY (PHILIPPINES), INC. as part of an effort to build trusting relationships that allow Glory and its business partners to share the common goal of achieving a sustainable society.

We also regularly hold our Quality Conferences, for sharing information on quality and manufacturing processes and examining related issues, and Quality Improvement Activity Workshops or Substrate Quality Policy Briefing, during which business partners present their quality improvement initiatives. These provide opportunities for business partners to share best practices as well.

Our parts acceptance unit also conducts periodic inspection visits to our business partners for onsite reviews of manufacturing processes and to offer advice for improvements.



Supplier Conference in Japan



The Best Supplier Award was given to GLORY (PHILIPPINES), INC.

Promotion of CSR Procurement

Glory issued the Glory CSR Procurement Guidebook for suppliers in Japan and Glory Supplier Code of Conduct for overseas suppliers to further promote CSR procurement in March 2014. The guidebook stipulates the Group's basic stance on CSR as well as Glory's requests to business partners such as respect for human rights and occupational health and safety as well as environmental protection. Glory uses the guidebook to encourage cooperation with business partners in promoting CSR initiatives throughout its supply chain.

The Glory Group is taking steps to conform with the Code of Conduct established by the RBA (Responsible Business Alliance, formerly EICC), a CSR promotion organization for supply chains mainly in the electronic device industry, and the conflict mineral survey.

| | |
|-----|--|
| WEB | Glory Supplier Code of Conduct https://corporate.glory-global.com/files/user/csr/pdf/glory_supplier_code.pdf |
| | CSR voluntary checklist (Japanese only) https://www.glory.co.jp/files/user/csr/pdf/checklist.xls |
| | Request for consent of the Glory CSR Procurement Guidebook (Japanese only) https://www.glory.co.jp/files/user/csr/pdf/csr_format.xls |

Monitoring the CSR Efforts of Business Partners

Glory periodically monitors the CSR efforts of business partners through a survey using its CSR voluntary checklist.

In fiscal year 2018 the company surveyed 452 domestic primary business partners that handle 78% of Glory's total purchases and reported the findings to the 432 business partners who responded (response rate: 96%). A total of 95 domestic primary business partners for GLORY Products Ltd. was also surveyed and subsequently received the findings (response rate: 100%).

Starting in fiscal year 2019, the scope of the surveys will be expanded to include primary overseas business partners.

Promoting Environmentally Friendly Procurement

Green Procurement

Glory established the Green Procurement Standard to put into action its basic policy of promoting environmentally sound purchasing. We will remain committed to the purchasing of materials and parts that have minimal environmental impact with the cooperation of our business partners.

| | |
|-----|---|
| WEB | Green Procurement Standard, 20th edition https://corporate.glory-global.com/files/user/csr/pdf/gr_guide_en.pdf |
| | Specified Chemical Substances, 21th edition https://corporate.glory-global.com/files/user/csr/pdf/gr_list_en.pdf |

Compliance Hotline for Supplier

The Glory Group operates the Supplier Compliance Hotline as a point of contact for business partners to raise concerns about Group compliance violations in order to further encourage transparent and fair purchasing trading with them. These whistleblowing reports are filed by the relevant department of GLORY LTD., which is independent of Glory's subject procurement department, where they are properly handled through an investigation of the facts and circumstances.

| | |
|-----|---|
| WEB | Supplier Compliance Hotline (Japanese only) https://www.glory.co.jp/csr/society/supplychain_management |
|-----|---|

Developing Procurement Staff

The Glory Group focusses on employee education to promote CSR across its supply chain and ensure fair and open trading. The Group trains domestic and overseas procurement staff through an e-learning program, available in three languages. The program consists of curriculum modules such as the Japanese Subcontract Act and CSR procurement, helping staff improve their skills and acquire the knowledge they need.

A total of 154 employees participated in the training sessions in fiscal year 2018.

Human Resources

Glory respects every employee as an individual and strives to create an enriching, pleasant working environment.

Promoting Diversity

Glory aims to build a workplace where every employee, regardless of nationality, race, religion, gender, age, or disability, can utilize their talents to the fullest.

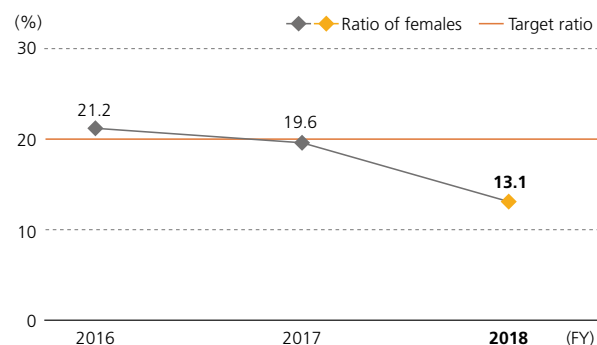
Equal Opportunities for Women

Since fiscal year 2011, Glory has been focusing on ensuring gender equality and delivering equal opportunities for female employees. The many efforts being implemented include steps for establishing a more worker-friendly workplace environment for all employees, including women, and awareness-raising activities for managers and female employees to change the corporate culture. In fiscal 2016, Glory formulated an action plan based on Japan's Act on the Promotion of Women's Participation and Advancement in the Workplace and has been creating a more inclusive workplace while ensuring a higher representation of women. In fiscal year 2018, 13.1% of the new graduate hires were female and the number of female managers was 16.

Action Plan based on the Act on the Promotion of Women's Participation and Advancement in the Workplace

- 1 Increase representation of female new graduate hires to 20% over the next three years
- 2 Double the number of female managers (section manager and above) over the next five years

Ratio of Female New Graduate Hires



Number of Female Managers

| FY | 2016 | 2017 | 2018 | Target |
|---------------------------|------|------|------|--------|
| Number of female managers | 11 | 15 | 16 | 22 |

Employing People with Disabilities

In 1999, GLORY Friendly Co., Ltd. was established to give people with disabilities an opportunity to make a living and contribute to society.

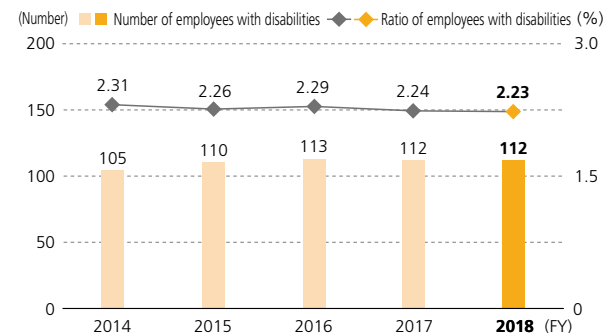
Under the slogan "Foster a creative working environment by valuing communication with one another and fully demonstrating our skills," employees take on tasks such as company janitorial work and landscaping, in-house documentation and mail delivery, and waste disposal. In addition, we are also focusing on expanding work areas so that each employee's personality and ability can be maximized.



Glory Friendly employees cleaning a public area

As of the end of fiscal year 2018, the ratio of employees with disabilities was 2.23%.

Number and Ratio of Employees with Disabilities



*Includes data from GLORY Products Ltd, GLORY Friendly Co Ltd., GLORY System Create Ltd., GLORY Mechatronics Ltd.

Re-hiring Elderly Workers

Glory has established standards for employment extension in accordance with the Act on Stabilization of Employment of Elderly Persons. Those who have reached the retirement age of 60 are now able to choose to extend their employment until 65. The system encourages senior employees to remain active in the workforce and ensures that their knowledge and experience are effectively leveraged. In fiscal year 2018, 47 out of 50 employees who had reached retirement age were re-employed under the system.

Work-Life Balance

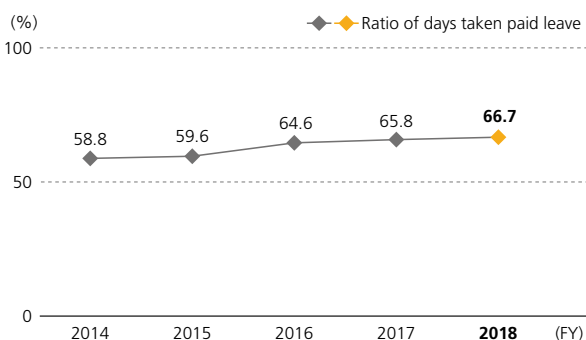
Glory has in place numerous initiatives for promoting a work-life balance. These initiatives enable employees to match their job and work schedule to their lifestyle while maximizing their abilities and career potential.

Supporting Flexible Work Styles

Glory introduced an annual leave system in fiscal year 2018 that allows employees to take leave in one-hour increments. It is now possible to take their leave in a full-day, half-day or one-hour units, enabling the support of more flexible work styles that more closely suit their lifestyle and encourages them to actually take their annual leave.

Glory also seeks to leverage teleworking, and in fiscal year 2019 introduced a work-at-home program for office workers. A program for mobile workers is also under development, while defining rules to ensure smooth operations and establish the necessary framework. Glory is continuously working on improving the flexibility of its working environment to prevent confining employees to any specific location or time.

Ratio of Days Taken Paid Leave



Work-Life Balance Support Systems

•Balancing Work and Parenthood

Employees can take advantage of systems that allow them to place equal importance on raising children and carrying out their jobs.

An in-house daycare center called “G Kids Home” is opened for children of full-time Glory employees. The center caters for children aged from 57 days up to the age at which they enter elementary school. The company also has provided subsidies for parents working full-time at Glory sites and have children who are in the third grade of elementary school, other than the head office, to hire childcare services.

Moreover, the shortened working hours system has been enhanced to include expanding eligibility so that working parents can take advantage of the system until the end of their child’s third grade in elementary school

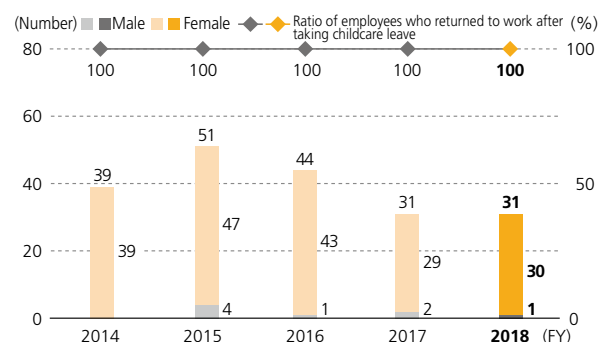
and allowing short-term use or re-application. These measures allow employees to both develop their careers and raise children.

We received the Next-Generation Certification Mark, the “Kurumin” mark, from the Minister of Health, Labour and Welfare in fiscal year 2013 recognizing our policies based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



G Kids Home

Number of Employees Taking Childcare Leave and Ratio of Employees Who Returned to Work after Taking Childcare Leave



•Balancing Work and Caregiving

Glory has established a nursing care leave system whereby employees are entitled to up to 365 days of leave per family member and a shortened working hour system for nursing care of up to three years.

It also has put in place a system that allows employees to accumulate unused annual paid leave that expires after two years of receiving and use it for nursing care or personal sickness and injury. These revisions help balance work time with time spent caring for sick or elderly family members.

Reducing Long Work Hours

Glory strives to modify work processes and schedules in order to prevent routinely working long hours. This helps to bolster mental and physical well-being and maintain their motivation to work.

In an effort to impress upon employees the importance of working efficiently, Glory has instituted “no-overtime days” and “no-overtime weeks.” To encourage employees to go home on time, the company has also limited the number of overtime hours per day. Face-to-face consultations with the industrial physician are carried out for employees who routinely work long hours to prevent health problems.

Human Resources

Fostering Human Resources

Fostering Globally Minded Human Resources

Today, overseas sales account for approximately 43.8% of Glory Group consolidated net sales, and overseas employees account for approximately 40% of all Group employees (as of the end of fiscal year 2018). Given this, the company is particularly emphasizing the fostering of human resources that can support international expansion. It is bringing this objective about through programs such as the short-term overseas study program and the Manager Training for Production Headquarters' Overseas Group Companies.

Glory also provides as many opportunities as possible for exchanges between employees in Japan and those at overseas subsidiaries.

• Short-Term Overseas Study Program

The company has set up a short-term overseas study program, which sends participants to language schools in the U.S. or U.K. for three months so they can acquire the language and business skills needed to do business on the global stage. By encountering diverse ways of thinking, values, and cultures, employees improve their language skills and develop a global perspective. In fiscal year 2018, five employees took part in this program.



Employee giving a presentation on the last day of the program

• Manager Training for Production Headquarters' Overseas Group Companies

As part of the company's efforts to go global, Glory's Production Headquarters conducted training for managers at two subsidiaries: GLORY Denshi Kogyo (Suzhou) Ltd. and GLORY (PHILIPPINES), INC. The training focused on advancing the self-sustaining capabilities of subsidiaries.

Three employees participated in the training in fiscal year 2018. During the seven-week sessions, they studied management, learned Japanese technology and know-how, and took part in a program aimed at reinforcing risk management at the production site. They also toured Glory



Manager Training session for Production Headquarters' Overseas Group Companies

headquarters and Group companies in Japan to deepen their understanding of Japanese production systems.

Developing Candidates for Future Executive

Glory has implemented the "Glory Business College" training program, targeting management-level employees with the goal of developing candidates for next-generation executives. The seven training sessions and external seminars over a seven-month period aims to give participants the skills and knowledge they need to take on executive positions. The program also provides participants with opportunities to network with internal and external contacts from various backgrounds. In fiscal year 2018, 16 employees participated in this program.



Glory Business College session

New Career-Building Initiatives

Glory helps employees achieve their personal career plans by providing systems and programs that support the development of their capabilities and further their careers.

• Employee Awareness Surveys

Glory conducts a survey targeting executive officers and employees on topics such as work motivation, awareness of compliance, and understanding and implementation of Glory's CSR and management plans. Survey results are distributed to each department so they can each work on improving employee satisfaction in their respective areas. The survey is conducted every three years to help monitor any changes in employee satisfaction to identify emerging issues and come up with effective countermeasures.

• Career Training

Glory holds level-specific career training for employees. For example, the Self-Inquiry Adventure Training is held for employees when they first join Glory, on their fourth year at the company, and when they turn 30 years old. This program allows them to envision a career plan and to grow into competent personnel who can achieve their career goals. In fiscal year 2018, a total of 216 employees took part.

The company also offers other career training such as the Life-Career Plan Training for employees over the age of 50, which gives participants the opportunity to reflect on their careers to date, their experiences, skills, and strengths and to think about the rest of their career before retirement.

Labor Practices

Fair Evaluation and Treatment

To help the growth of both the company and its employees, and to help clarify the roles and responsibilities of each employee, Glory has in place a “management by objective” system.

Under the system, employees meet with their supervisors semi-annually to evaluate progress against goals they defined at the beginning of each fiscal year and receive feedback.

Our Personnel System Guidebook concerning the Evaluation/Treatment/Remuneration System is made available to all employees, with the results of evaluations also disclosed to employees individually, thus increasing fairness, transparency, and credibility.

Sound Labor-Management Relationship

With the belief that maintaining a peaceful labor-management relationship leads to healthy business development, Glory meets regularly with its labor union to discuss issues such as improved working conditions and working hours management. Through this open dialogue, it maintains and reinforces a healthy relationship between labor and management, encouraging both parties to grow together in harmony.

Occupational Health and Safety

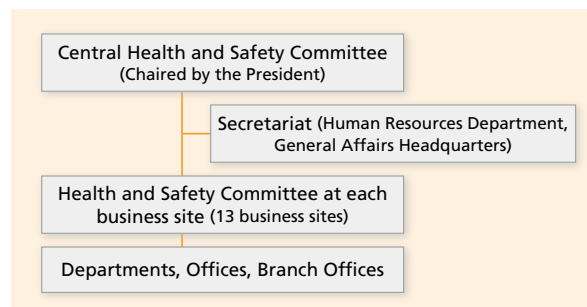
Structure for Managing Health and Safety

To maintain and reinforce the structure for managing health and safety, Glory established the Central Health and Safety Committee, convened annually, to be responsible for creating annual and mid- to long-term company-level activity plans related to health and safety as well as Health and Safety Committees at each business site for creating their own respective activity plans.

Each committee meets monthly to discuss health-promoting activities, occupational accidents, including root causes, and countereasures. The committees also provide a forum for sharing information. Committee members include the safety operation manager, fire prevention manager, and other managers who deal with health and safety. As a result, the committees’ activities cover a wide range of topics.

An Occupational Health and Safety System based on OHSAS18001 is in place at head office. Under the system, we pursue safety efforts based on health and safety management standards at the departmental level and work to prevent disasters through risk assessment.

Framework for Managing Health and Safety



Measures to Maintain Health

Glory maintains and reinforces employee health by ensuring they receive standard medical checkups annually and, for those who are applicable, special semi-annual medical checkups. Industrial physicians and health nurses provide a follow-up based on the results of the checkups through, for example, face-to-face consultations.

As measures to prevent mental health issues, the company established the internal Mental Health Counseling Center, which is staffed by three counsellors and conducts awareness-raising activities on mental health. The group also offers stress checks to all employees, with 81.8% taking them in fiscal year 2018. The results are analyzed and necessary follow-up actions are taken which include offering face-to-face counseling with doctors and counsellors to employees identified as suffering from high stress while analyzing their organizational structure and proposing improvements to their working conditions.

Respecting Human Rights

All employees must abide by Glory’s Corporate Action Guidelines. These stipulate rules on respect for individuals, talent development, and workplace safety. They also clearly call for respect for other employees’ diversity, personalities, individual differences, and—above all—human rights. To ensure that these efforts extend throughout the entire supply chain, the company published the Glory CSR Procurement Guidebook for suppliers in Japan and the Glory Supplier Code of Conduct for overseas suppliers. These documents outline rules on respect for human rights that all suppliers are urged to follow.

The Glory Group has signed and participates in the United Nations Global Compact, which advocates universal principles covering the four areas of human rights, labor, the environment, and anti-corruption. The Group will continue to ensure respect for human rights as a cornerstone of its management.

Social Initiatives

Glory harmonizes and advances the interests of the company and society by actively conducting social action programs as a good corporate citizen.

Fostering the Next Generation

GLORY Foundation for Elementary School Students

In March 1995, Glory established the GLORY Foundation for Elementary School Students to support the sound development of young people. Through the foundation, the company conducts sports, arts, and cultural activities that include hands-on science classes, experience-based classes for parents and children, and a children's theater. A cumulative total of 102,500 people have taken part in these activities since the foundation was launched.

The foundation also assists organizations that work towards the sound development of elementary school students through activities in sports, science, and culture.

• Hands-on Science Classes

In hands-on science classes during the summer holidays, elementary school students build their own science projects, experiencing at first hand the wonders of science while also cultivating their creativity and unique powers of imagination. Glory employees take part by helping the students with their projects.

In the fiscal year 2018 science classes, 200 students from grades three to six took on the challenge of building caterpillar robots and learned about power transmission.



Students build caterpillar robots under the guidance of a Glory employee

Caterpillar robot

• Children's Theater

The Children's Theater project is held with the goal of enriching the aesthetic sensibilities of young people and planting in them the seeds of creativity.

In fiscal year 2018, a total of 2,700 elementary school students and their parents were invited to performances of the musical *The King with Donkey Ears* by the Shiki Theater Company.



A scene from *The King with Donkey Ears*

• Hands-on Classes for Parents and Children

This program is held every spring and autumn with the goal of strengthening the bonds between parents and children through a range of fun and exciting experiences.

In May 2018, a total of 77 children and parents participated in the Rokkosan Pasture's Butter Making Experience and Fossil-Hunting Excursion in Kobe, Hyogo. Then in November of that year, 300 students and their parents were invited to see a hot air balloon at a local elementary school. Participants learned how hot air balloons work and took turns boarding one anchored at the school.



Enjoying the hot air balloon experience

WEB [GLORY Foundation for Elementary School Students](https://corporate.glory-global.com/csr/society/community/foundation/)
<https://corporate.glory-global.com/csr/society/community/foundation/>

Supporting the Promotion of Sports

Glory Sponsors the Victorina Himeji Volleyball Team

Glory has signed a sponsorship agreement with Himeji Victorina Co., Ltd., which manages the Victorina Himeji women's volleyball team (director and owner: Masayoshi Manabe; coach: Yoshie Takeshita). Based in Himeji, Hyogo, Victorina Himeji is Japan's first professional women's volleyball team.

Besides playing in a V2 league, the team promotes the sport in the community through activities that include appearances on talk shows and volleyball clinics for elementary and junior high school students. Glory strives to use sponsorship as a way to stimulate community-level sports and support the development of the next generation.

This season, the team won the league's regular round in the V2 division and also won the Final 6 round that followed. The team has been promoted to play in the V1 league next year. Glory will continue to support the team in all its endeavors.



At the 2nd Glory Cup Victorina elementary school volleyball clinic

Other Contributions to Society

Cosponsoring the World Heritage Himeji Castle Marathon 2019

Glory was a cosponsor of the World Heritage Himeji Castle Marathon 2019, held in February. Fifty Glory employees volunteered on the race day to assist approximately 7,000 participants running the full marathon.

Several Glory employees also took part in the race itself, wearing Glory T-shirts bearing a design that shows the transition of the company logo as they made a spirited run to the finish line.



Glory employee volunteers cheering on the runners

Participating in the TABLE FOR TWO (“TFT”) Program

Glory has been participating in the TABLE FOR TWO (“TFT”) program since July 2011. The program allows a portion of the proceeds from nutritionally balanced meals provided at the company’s headquarters cafeteria that help to reduce lifestyle diseases to be donated to provide school meals in developing countries. In fiscal year 2018, 17,999 school meals were donated, for an accumulated total of 110,880 donated. In addition, the company installed five TFT-compliant beverage vending machines at the headquarters.



TFT Program menu, which changes daily

Protecting the Marine Environment in the Philippines

In December 2018, GLORY (PHILIPPINES), INC. donated “reef buds” as its contribution to an ocean regeneration project in the municipality of Rosario in the province of Cavite. This artificial coral is made from low-impact material and provides a habitat for sea organisms. Reef buds also contribute to the stabilization of the ocean’s pH balance, helping prevent degradation of the marine environment caused by increasing atmospheric CO₂ concentrations.



Employees who donated reef buds

Participating in a Back to School Supply Drive

Glory Global Solutions Inc. participates in a Back to School Supply Drive campaign run by Child Link, an organization that supports underprivileged children in America. The campaign takes place every year in August and is intended to provide children with necessary school items and prepare them for the return to school in September. Through the organization, over 300 children have received school bags, stationery, and other school items donated by local companies.



Employees who participated in the Back to School Supply Drive campaign

Participating in the “V Race Against Cancer”

In April 2018, 14 employees of Glory Global Solutions (Spain) S.A. took part in the charity race “V Race Against Cancer.” The event’s goal is to contribute to the advancement of research into cancer and raise funds for cancer prevention. Approximately 17,000 runners took part in the event, from which the proceeds will go towards supporting activities of the Spanish Association Against Cancer.



V Race Against Cancer charity race

Supporting Children in India

In July 2018, Glory Currency Automation India Pvt. Ltd. donated umbrellas bearing company logos to a local orphanage. More than 100 children received umbrellas in preparation for the rainy season.



Children receiving umbrellas with smiles

Environmental Management

To create a sustainable society, the entire Glory Group works to protect the environment under the **Glory Environmental Vision**.

Glory Environmental Vision

Environmental Vision

We contribute to securing the future of the Earth's environment by working worldwide to reduce environmental impact and protect the planet's resources.

The Glory Group's environmental vision is captured in the slogan we adopted in 2010: "GLORY GREEN CHALLENGE: Leading the way for a prosperous Earth with dynamics and technology through cooperative efforts." We established the "2020 Medium-Term Environmental Plan" as our three-year plan from April 2018 based on this vision, and we are working to achieve its targets.

Environmental Policy of the Glory Group

We will act in Earth-friendly ways and endeavor to provide environmentally friendly products with services that contribute to a sustainable society.

- 1. Compliance with laws and regulations**
We will comply with environmental laws and regulations, as well as the demands of our stakeholders.
- 2. Mitigation of global warming**
We will strive to reduce our use of energy and our emissions of greenhouse gases.
- 3. Promotion of resource recycling**
We will strive to use resources effectively and will promote the recovery and recycling of our products.
- 4. Prevention of pollution by chemical substances**
We will properly manage chemical substances and will reduce hazardous substances in our products.
- 5. Conservation of biodiversity**
Each of us will strive to conserve ecosystems through activities that contribute to our communities.
- 6. Proper disclosure of environmental information**
We will proactively carry out disclosure of information and will respond to the wishes of our stakeholders.

In order to achieve this policy, we will set and work toward environmental targets and will strive to effect continuous improvements.

Environmental Management Framework

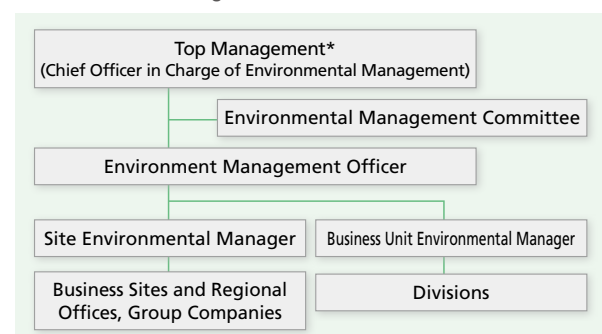
The Glory Group considers environmental conservation to be a key management concern, and therefore we have implemented an ISO 14001-compliant environmental management system to reduce the environmental impact in every aspect of our business. The system covers a broad range of our activities, from energy conservation, resource conservation, waste reduction, and appropriate chemical substance management to environmentally friendly product development.

In March 2002, the head office was the first in the Group to acquire ISO 14001, and certification has currently spread to Glory's main business sites, regional offices, and Group manufacturing companies. We are also working toward acquiring ISO certification and for comprehensive environmental impact reduction efforts to promote environmental conservation at overseas Group companies as well.

Our environmental management framework consists of sites for reducing environmental impacts from business operations and business units for reducing the environmental impact of products.

We develop an annual environmental management action policy in conjunction with the basic management and environmental policies, ensuring reliability and continuous improvement of the management framework and system to be effective in all business operations related to products and services. Also, we strive to expand the action policy into respective sites and business units and confirm implementation status. At the same time, we share and horizontally address issues and counter measures by the Environmental Management Committee and conduct management reviews whereby we utilize PDCA cycles to integrate business activities Groupwide. Moreover, the environmental management department conducts a continuous improvement of the system for the entire Group.

Environmental Management Framework



*The chief officer of the environmental management system, who is entrusted by the president with all authority and responsibility to promote and maintain the environmental management system.



Environmental Audit

Our ISO 14001 certified business sites conduct audits integrated with ISO 9001 performed by internal auditors and external auditors from a certification body.

The internal audits mainly confirm legal compliance such as that with environmental regulatory limits including noise and water quality as well as the status of reports to authorities and conformity with standards for continuously improving the environmental management system. In the internal audits in fiscal year 2018, we examined the conformity and validity of the implementation status of ISO 14001:2015, and non-conformity was not discovered, while external examinations did not discover any either. The results of the audits and examinations are laterally reviewed across the Glory Group and shared with all employees through a bottom-up approach across our activities.

Environmental Risk Management

We conduct environmental impact assessments annually to reduce environmental risk and stipulate response procedures for specific risks. Furthermore, we ensure that internal systems are in place and conduct thorough employee education, particularly by emphasizing proper industrial waste processing and hazardous materials management.

Waste management systems are in place at each site for proper industrial waste processing, and in addition to the thorough training of managers and other responsible employees in charge of waste management, we apply strict standards in selecting waste processing contractors and conduct on-site inspections. For hazardous materials management, we stipulate the response procedures in the event of an emergency involving an oil spill and regularly hold simulation drills.

Compliance with Environmental Laws

Recognizing legal compliance as a key aspect of environmental conservation, Glory is committed to thorough operational management. We closely monitor changes to laws and regulations and confirm our own compliance status twice a year. On-site inspections are based on a dedicated checklist at each site during internal environmental audits. Moreover, CMS (chemical substances management system) audits are periodically conducted at the sites of business partners and overseas subsidiaries.

As a result of verifying legal compliance in fiscal year 2018, we confirmed that no serious non-compliance problems or accidents have impacted the environment.

Environmental Education

We focus on environmental education as we believe that correctly understanding the impact of our business activities on the environment is a key to ongoing efforts to reduce such impact.

In addition to including environmental management system requirements in new employee training, we conduct tailored educational programs based on professional positions such as management training for newly appointed managers and training on environmentally friendly design for product designers. Moreover, we seek to build on the expertise of employees by executing training in areas such as internal environmental auditing and waste management.

We are striving to raise environmental awareness further by informing all employees, including resident business partners, of our environmental activities.

TOPIC

Received the Outstanding Environmental Performers Award

GLORY (PHILIPPINES), INC. is reducing its power and water usage as well as industrial waste towards alleviating the environmental impact in its business activities. The company monitors data monthly and takes corrective actions when targets are not met. Moreover, it promotes activities for preserving biodiversity by participating in events such as river clean-ups and tree-planting as well as cleaning around its premises. In May 2019, it received its second Outstanding Environmental Performers award from PEZA* in recognition of these efforts.

*PEZA: Philippine Economic Zone Authority



Award ceremony

Developing Environmentally Friendly Products

Glory develops environmentally friendly products that minimize the environmental impact throughout the product life cycle, from material procurement and customer use to final disposal.

Developing Environmentally Friendly Products

The Glory Group has set a long-term goal of 30% reduction in CO₂ emissions from the 2005 levels by its products during use and is engaged in developing environmentally friendly products in order to achieve a low-carbon society as it continuously engages in environmental conservation efforts. We conduct life cycle assessments (LCAs) in response to customer requests to evaluate the environmental impact at every stage of the product life cycle, from material procurement and customer use to final disposal.

Our product assessments during new product development cover over 60 categories, from energy efficiency to reuse-recycling, and we compare products under development to those that already exist. Through these assessments, products that meet standards such as electric power use efficiency are at least 15% better than existing products, and chemical substance regulation-compliant, are designated as G-Eco products in accordance with in-house standards.

Approximately 44% of our new products released in fiscal year 2018 were designated as G-Eco products. The coin and banknote recyclers for cashiers for overseas markets (CI-5) use approximately 40% less electricity during operation for banknotes and 25% less for coins compared to their predecessors. They also achieved recyclable rates of approximately 91% for banknotes and 89% for coins.



CI-5 Coin and banknote recyclers for cashier for overseas markets (Left: coins; right: banknotes)

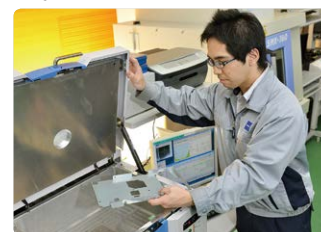
Management of Chemical Substances

Glory designates materials regulated by the RoHS Directive, REACH Regulation, and other laws and regulations in the Glory Specified Chemical Substances List. It also stipulates banned materials in the Green Procurement Standards to facilitate the thorough management of chemical substances contained in our products.

In addition to confirming compliance with regulations concerning chemical substance content during the parts selection process, we use X-ray fluorescence spectrometers to inspect all parts carefully as they are delivered. We also measure chemical content amounts,

which are registered in the Chemical Substance Control System, making it easy to tally amounts for the overall product. Furthermore, all new products are inspected before shipping to comply with relevant regulations.

Supplier cooperation is essential for controlling chemical substances. We request that domestic and overseas suppliers ensure the parts and materials shipped to us fully comply with the Glory Green Procurement Standards. They are also asked to execute a memorandum of understanding on green procurement and provide data concerning chemical substance content.



Inspecting parts for chemical substance content

Developing Environmentally Friendly Maintenance Products

Glory developed the Recycle Jet air duster as an environmentally friendly maintenance product that removes dust and other contaminants from electronics and precision machinery. Instead of typically used chlorofluorocarbon (CFC) alternatives, the Recycle Jet is filled with carbon dioxide (CO₂) injection gas recovered as an industrial by-product yielding a global warming potential of just 1/1,430 of that of existing products, thereby helping to prevent global warming. Since carbon dioxide is non-flammable and therefore has no risk of igniting, the product is extremely safe. In addition, its reusable and detachable cylinder minimizes waste.

We have established our own recycling-oriented scheme that makes use of a nationwide network of more than 100 service locations, towards achieving a recycling-oriented society. Through this scheme, technical staff collect used cylinders during routine maintenance work and then send the cylinders to affiliated carbon dioxide filling facilities to be refilled with injection gas.

The number of filled cylinders in fiscal year 2018 was about 60,000, reducing CO₂ emissions by around 30,000 tons.



Using a Recycle Jet for maintenance



Recycle Jet

Reducing Environmental Impact of Business Activities



Glory continuously strives to preserve the Earth's environment and reduce environmental impact by reducing CO₂ emissions, managing chemical substances, and effectively using resources.

Environment

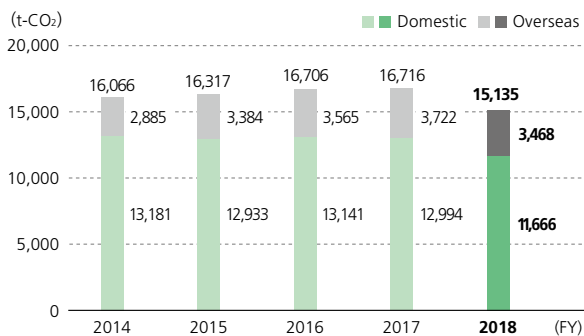
Mitigation of Global Warming

"Mitigation of Global Warming" has been established as a theme of the Glory Environmental Vision, and we are working to cut emissions of CO₂.

Under this part of the vision, we have adopted highly efficient production equipment to cut CO₂ emissions. We have also been installing power monitoring systems (demand monitoring functions), LED lighting, and human detection sensors at our business sites while setting up a solar power system on the roof of the head office for the use of renewable energy sources.

Furthermore, we are promoting a modal shift by switching transport from trucks to railways and ships as a means of improving shipping efficiency with lighter weight packing materials in order to reduce the burden on the environment.

CO₂ Emissions



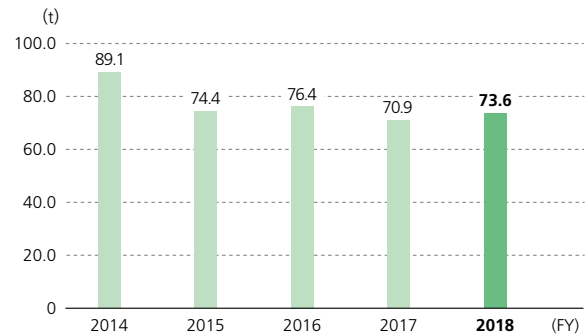
*1 Domestic business sites that have acquired ISO 14001 certification

*2 Following overseas business sites that have acquired ISO 14001 certification
 GLORY Denshi Kogyo (Suzhou) Ltd., GLORY (PHILIPPINES), INC.
 Glory Global Solutions (France) S.A.S.
 Glory Global Solutions (Germany) GmbH
 Glory Global Solutions Inc.

Management and Reduction of Chemical Substances

We thoroughly manage the chemical substances used in production and are making progress in switching to chemical substances with a low impact on human health. The factories manage and issue semi-annual reports about the amount of chemical substances they use. Factory employees who use chemical substances, including those subject to the Law concerning Pollutant Release and Transfer Register (PRTR Law), are trained in chemical substance handling. Safety data sheets (SDS) containing chemical substance safety data are always on hand so employees can, as necessary, confirm precautions when handling these substances as well as response procedures for emergencies.

Volume of PRTR Law-Listed Substances (Domestic)



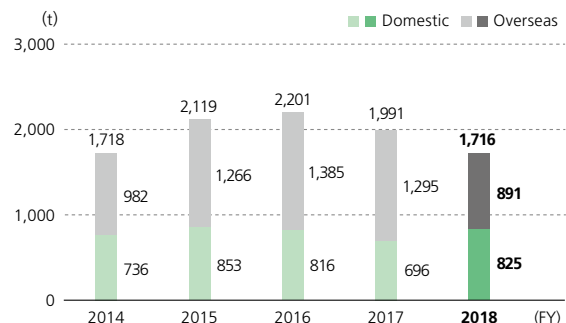
*Domestic business sites that have acquired ISO 14001 certification

Effective Use of Resources

Glory is engaged in 3R (reduce, reuse, recycle) efforts to contribute to creating a recycling-oriented society.

In order to use resources more effectively, we are improving our production processes, raising parts manufacturing yields, and reducing the number of manufacturing trials to cut down on the volume of materials used. In addition, our factories and offices are going paperless, returnable containers are being used for deliveries from suppliers, and efforts are being made to reduce the volume of packing material. Also, we are reusing cushioning materials used for intra-Group parts shipping. Wastes are thoroughly separated when we dispose of them in order to increase recycling rates. Moreover, we have established a recycling rate of 99.5% as our zero emissions target and intend to achieve it at our production sites.

Waste Volume



*1 Domestic business sites that have acquired ISO 14001 certification

*2 Following overseas business sites that have acquired ISO 14001 certification.
 GLORY Denshi Kogyo (Suzhou) Ltd., GLORY (PHILIPPINES), INC.
 Glory Global Solutions (France) S.A.S.
 Glory Global Solutions (Germany) GmbH
 Glory Global Solutions Inc.

Preserving Biodiversity

Glory is engaged in a variety of activities for preserving biodiversity in collaboration with stakeholders such as local communities and incorporated NPOs.

Activities in the Glory Yumesaki Forest

Glory entered into the Forest Cultivation Agreement with the Greenery Association of Himeji City, Hyogo Prefecture in 2011 and has been participating in forest conservation activities in Yumesaki, Himeji, Hyogo. The location of these activities is the Glory Yumesaki Forest, a name selected from among entries submitted by employees based on the aspiration that a forest be a place where dreams (*yume*) bloom (*saki*).

We conduct forest conservation activities from the beginning of spring to early summer every year. We thin out one hectare of undergrowth each year among the hinoki cypress and broadleaf groves in collaboration with the forestry cooperative to encourage plant growth on the forest floor. We also strive to reproduce and maintain the rich natural environment by forming favorable environments for village forests through activities such as planting conventional trees including mountain cherry and konara oak as ways to ensure the conservation of the species.

In fiscal year 2018, we conducted a forest conservation project in April, and a total of 83 Glory Group employees, business partners, and family members participated.



Planting an apple tree

Botanical Survey

We conduct joint botanical and biological surveys with specialists to look into the types and growth status of plant life in order to scientifically examine the effectiveness of the Glory Yumesaki Forest for preserving biodiversity. During the course of conducting the surveys, it was also confirmed that a rare species of woodpecker and a frog listed in the Hyogo Prefectural version of the Local Red Data Book were living in the area. We will continue to conduct this survey periodically in order to confirm the effectiveness of forest conservation as well as to determine what policies are required for future activities.



Botanical survey underway in a hinoki cypress grove

Efforts to Educate the Next Generation

Each year in autumn we hold the Kids' Nature Workshop. Various programs are designed for parents

and children to stroll through the forest while observing insects and plants and to have fun in nature with the goal of passing on an appreciation of it to the next generation.

In fiscal year 2018, we held the workshop in October with 94 Glory Group employees, business partners, and family members.



Making forest lanthanum

Activities in the Kanto Region

In fiscal year 2013, Glory began expanding its activities into the Kanto region to preserve biodiversity in collaboration with NPOs.

Since fiscal year 2017, we have participated in the Restoring Satoyama project in a designated greenery conservation area in Hachioji, Tokyo as a forest conservation activity. We also conduct a clean-up on the banks of the Arakawa River, Tokyo and offer opportunities to learn about biodiversity with the aim of promoting environmental preservation.

In fiscal year 2018, 82 Glory Group employees, business partners, and family members participated.



Forest conservation activity in Hachioji, Tokyo

Main Activities by Region

| Company | Activity |
|-------------------------------------|--|
| GLORY (PHILIPPINES), INC. | <ul style="list-style-type: none"> Participated in the planting event: Adopt-A-Tree Park Program Participated in an ocean regeneration project in the municipality of Rosario in the province of Cavite, Philippines (donation of reef buds) |
| Sayo Factory of GLORY Products Ltd. | Developed a biotope for preserving the natural environment and improving biodiversity |
| GLORY Engineering Ltd. | Participated in an annual tree-planting event in the forests of Takao near Tokyo for the purpose of creating a diverse and rich forest |

2020 Medium-Term Environmental Plan



We established the 2020 Medium-Term Environmental Plan and are working toward these targets.

Environment

Targets and Results Based on the 2020 Medium-Term Environmental Plan

Under the Environmental Vision with three areas of focus, specifically products, business, and awareness, the entire Glory Group is taking action on the themes of the prevention of global warming, management and reduction of chemical substances, effective use of resources, and preservation of biodiversity, all based on the 2020 Medium-Term Environmental Plan developed for the three-year period beginning in April 2018.

| Activity Areas | Activity Themes | Targets for 2020 Medium-Term Environmental Plan | Targets for Fiscal Year 2018 | Results for Fiscal Year 2018 |
|----------------|---|--|--|--|
| Products | Mitigation of global warming | Reduce CO ₂ emissions from new products | Improve energy efficiency of new products by at least 15% compared to previous models | Reduced by average of 16.1% (target achieved for 14 of 32 models, designated as G-Eco products) |
| | Management and reduction of chemical substances | Make all new products RoHS-compliant | Comply with all relevant laws | 32 models were RoHS-compliant (achieved compliance rate of 100%) |
| Business | Mitigation of global warming | Increase environmentally friendly product account ratio out of sales | At least 60% of sales for all products | Accounted for 73.0% of sales |
| | | Reduce annual per-employee energy consumption | Reduce annual average by 1% (base year: fiscal year 2010) | Reduced annual average by 2.2% (base year: fiscal year 2010) |
| | Management and reduction of chemical substances | Balance control of chemical substances | Balance control of chemical substances Reduce PRTR Law-listed substances | Counted record of volume of in-process chemical products in May Reduced volume of PRTR Law-listed substances slightly (Type 1) (1%) |
| | Effective use of resources | Reduce volume of waste generated | Reduce annual volume of waste generated by 1% (base year: fiscal year 2010) | Reduced annual volume of waste generated by average of 1.5% (base year: fiscal year 2010) |
| Awareness | Preservation of biodiversity | Increase contribution to biodiversity preservation (improve management criteria) | <ul style="list-style-type: none"> Plant 20 trees Thin 1 hectare of forest | <ul style="list-style-type: none"> Himeji: Held forest conservation activity in April (symbolic trees planted, 20 apple trees planted, 1 hectare of forest thinned) Held nature appreciation event for employees' families in October Kanto area: Held forest conservation activity in Hachioji, Tokyo in May Held clean-up on banks of Arakawa River, Tokyo in October |
| | | Cooperate with stakeholders to preserve biodiversity | <ul style="list-style-type: none"> Formulate plan Carry out 100% of activities planned | <ul style="list-style-type: none"> 100% achievement ratio for yearly plans Himeji: Glory Yumesaki Forest 83 people participated in forest conservation activity (16 people representing 3 Glory suppliers also participated) 94 people participated in nature appreciation event (9 people representing 1 Glory supplier also participated) Kanto area: Kamikawa in Hachioji, Tokyo (designated greenery conservation area) 54 people participated in forest conservation activity (3 people representing 1 Glory supplier also participated) 28 people participated in clean-up on banks of Arakawa River, Tokyo |
| | Communication | Disclose environmental information on CSR Report and website | Run articles | <ul style="list-style-type: none"> CSR Report 2018 posted on our website (data on reducing environmental impact from business activities, etc.) CDP, provided answers on a questionnaire from the Nikkei Environmental Management Study |

Corporate Governance

Glory (the “Company”) continuously strives to increase its corporate value by promoting sound business management based on its corporate philosophy.

Corporate Governance

Basic Policy

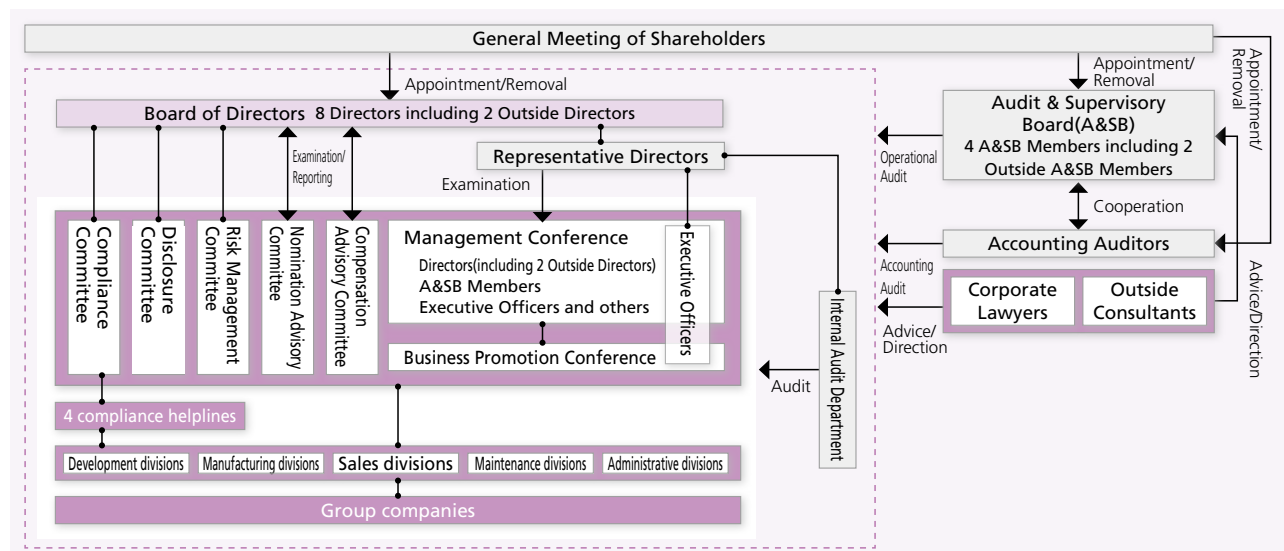
Glory’s corporate philosophy guides its efforts to continuously improve corporate value through sound and efficient business management so that the Company can exist in harmony with society and earn the trust and support of all stakeholders. None of this can be achieved without a firm commitment to the continuing improvement of corporate governance. Glory will continue its efforts to strengthen the supervisory and executive functions of management, accelerate decision-making, ensure transparency and objectivity, and enhance compliance management to further increase our corporate value.

Corporate Governance Framework

Glory adopts an Audit and Supervisory Board system. This means the Company’s Board of Directors, which includes more than one Outside Director, makes decisions on important matters and supervises business execution, while the Audit and Supervisory Board oversees the actions of the Board of Directors. Further, an executive officer system allows the Company to separate the management supervisory and business executive functions, thereby enabling speedy and efficient business administration. In addition, we have committees such as the Nomination Advisory Committee and Compensation Advisory Committee to boost transparency and objectivity of decision making on important matters of the management.

Glory’s basic policy on corporate governance is set out in the Corporate Governance Guidelines.

Corporate Governance Framework (as of June 21, 2019)



WEB

Corporate Governance Guidelines
<https://pdf.irpocket.com/C6457/LOUhzpL4/OE56.pdf>

Corporate Governance Report
<https://corporate.glory-global.com/groupinfo/governance/report/>

Outline of Main Organs

• Directors and Board of Directors

The Company’s Board of Directors comprises eight Directors including two Outside Directors and in principle meets at least once per month, with the attendance of four Audit & Supervisory Board Members (“A&SB Members”) including two Outside A&SB Members.

The Board of Directors, chaired by the president, decides the important business policies of the Company and the Group, supervises business execution, and receives reports on the status of business execution. Directors, including Outside Directors, actively discuss and exchange opinions, and A&SB Members express their positions as needed. Also, two Outside Directors play an important role in enhancing supervisory functions as well as in ensuring and improving transparency and fairness in the Company’s management by providing sound opinions and advice from an independent standpoint.

• Audit & Supervisory Board Members and Audit & Supervisory Board

The Company’s Audit & Supervisory Board, chaired by a full-time A&SB Member, is composed of two full-time A&SB Members and two Outside A&SB Members for a total of four members and in principle meets once per month. A&SB Members, including Outside A&SB Members, conduct audits based on an annual corporate



audit plan determined in accordance with the audit policy and the assignment of duties determined by the Audit & Supervisory Board. Based on these audits, A&SB Members issue reports on the audit status and exchange information and views at meetings of the Audit & Supervisory Board.

The two Outside A&SB Members play key roles in ensuring legitimacy and adequacy in the Company's management by leveraging their sophisticated expertise and extensive experience in conducting audits of the Company.

Board of Directors and Audit & Supervisory Board Meetings Held for the year ended March 2019

| | Number of meetings held | Attendance rate (%) | |
|---------------------------|-------------------------|---------------------------------------|---|
| | | Director (including Outside Director) | A&SB Member (including Outside A&SB Member) |
| Board of Directors | 16 | 100 | 100 |
| Audit & Supervisory Board | 15 | – | 100 |

• Nomination Advisory Committee and Compensation Advisory Committee

In order to ensure transparency and objectivity in appointing Directors and A&SB Members, etc. and determining remuneration for them, the Company has established two advisory bodies of the Board of Directors, the Nomination Advisory Committee and Compensation Advisory Committee, each with at least half of the members and the chairperson being independent Outside Directors. The members of each committee are as follows.

【Nomination Advisory Committee (4 members)】

Chairperson: Joji Iki (Outside Director)
Member: Junji Uchida (Outside Director), Hirokazu Onoe (Chairman of the Board), Motozumi Miwa (President)

【Compensation Advisory Committee (4 members)】

Chairperson: Junji Uchida (Outside Director)
Member: Joji Iki (Outside Director), Hirokazu Onoe (Chairman of the Board), Motozumi Miwa (President)

Remuneration for Officers

• Basic Policy on Remuneration

Remuneration for Directors and A&SB Members is designed in such a manner that the value can be shared with the shareholders, the level is appropriate for their duties, and due consideration is given to incentives for continued improvement of corporate performance and securing talented human resources. In addition, remuneration for Outside Directors and A&SB Members consists only of fixed compensation.

• Procedures for Determining Remuneration

For determining remuneration, after discussing the individual remuneration levels for each Director and A&SB Member at the Compensation Advisory Committee, their decisions on the appropriateness of the levels and the total amount of remuneration are reported to the Board of Directors and A&SB Members, and we have determined for concrete procedures as follows.

- Total amount of remuneration for Directors is determined by resolution of the Board of Directors in line with a review by the Compensation Advisory Committee and within the ranges approved by the general meeting of shareholders. After the Compensation Advisory Committee confirms the reasonability of the remuneration for each Director, the Board of Directors leaves the determination of individual amounts up to the discretion of the president.
- Remuneration for A&SB Members is determined by consultation among A&SB Members in line with a review by the Compensation Advisory Committee and within the ranges approved by the general meeting of shareholders.

• Structure of Remuneration

- Remuneration consists of fixed compensation, short-term performance-based bonuses and medium-term performance-based stock compensation.
- Fixed compensation is determined in accordance with the position and responsibilities of the person concerned.
- The target indicators for Bonuses are consolidated net sales and operating income from among the performance targets in the 2020 Medium-Term Management Plan. The amounts to be paid will be determined according to the degree of achievement toward those predetermined targets.
- The target indicators for Stock Compensation are consolidated ROE and the operating margin from among the performance targets in the 2020 Medium-Term Management Plan. The number of shares to be allotted will be determined according to the degree of achievement toward those predetermined targets.

Evaluation on Effectiveness of the Board of Directors

The Company has conducted an analysis and evaluation of the effectiveness of its Board of Directors based on its Corporate Governance Guidelines since fiscal year 2015, thereby endeavors to strengthen the function of the Board of Directors as a whole.



Results of Evaluation on Effectiveness of the Board of Directors
<https://corporate.glory-global.com/groupinfo/governance/evaluation/>

Risk Management

Glory strives to prevent and avoid operational risks and mitigate losses in times of disasters, ensuring the safety of stakeholder positions.

Risk Management Framework

Glory has established the Risk Management Committee, chaired by the president, to maintain and strengthen risk management for the entire Glory Group. The Glory Group regularly conducts risk assessments and works mainly with predetermined divisions and individuals responsible for each risk item to implement precautionary measures against risks during normal times and to secure and improve a system that can respond promptly in times of crisis. The committee discusses measures based on the results of these assessments. A summary of the discussion is regularly reported to the Board of Directors.

In fiscal year 2018, Glory developed activities based on the annual policy and major items predetermined by the Risk Management Committee. We also strived to grasp the Group-wide status of risks by adopting the same risk assessment method used by Glory for each Group company.

Risk Management Framework



Risk Identification Process

The Glory Group annually revises its list of potential risks along with the associated management policy and countermeasures based on changes in the prevailing business environment and progress of our businesses.

In identifying risks, new risks are recognized through a review of the current assessment and internal and external environmental changes. Assessment and analysis are then conducted according to the level of influence and frequency of occurrence, and key items are identified in the Risk Management Committee for formulating countermeasures. These company-wide risks are also reflected as appropriate in the business risks, which are disclosed as such documents as Security Reports in connection with the consideration of financial impacts.

In recent years, we consider worldwide progress of the cashless system as a risk that should be taken account of within the Group.

Business Continuity Plan (BCP)

Glory developed its BCP in preparation for emergencies in order to continue key activities and ensure prompt recovery in times of crisis, including disasters. We have organized a strategy for promptly responding during emergencies to reliably and steadily provide products and services by strengthening the supply chain through diversifying the parts procurement risk and preparing regulations and a manual on disaster response.

Moreover, in preparation for contingencies, we have strengthened our response to potential damage to important network systems that have a major impact on business continuity, introduced a safety confirmation system, installed satellite phones at main business sites, stocked supplies of food and water, and regularly conduct disaster drills to ensure the effectiveness of our disaster countermeasures.



A disaster drill



Information Security Management System

Glory handles a large volume of confidential information concerning matters such as cash processing and settlement processing. Accordingly, we focus on the integrated strengthening of our information security throughout the Group based on the Information Security Basic Policy and Privacy Policy, which stipulate our basic stance and attitude as a Group.

Measures for Organizational Safety Management

Having established the Information Security Promotion Section as a subsidiary organization of the Compliance Committee, we created an information security management system under the supervision of the chief information security officer (CISO) to utilize PDCA cycles in order to promote continuous improvement. We also periodically conduct internal audits to confirm its conformity and validity.

Enhancing Information Security Measures

For the purpose of safely and appropriately handling the information assets of our customers, departments concerned with offering systems solutions and services, such as the GCAN Center (Glory Card and Network Center: information processing center), have acquired ISO 27001 certification, the international standard for information security.

Business sites and departments that have acquired ISO 27001 certification

| | |
|--|--|
| GLORY LTD. 3 Departments | System Product Development Division, GCAN Center, Glory Monitoring Center |
| Domestic Group companies 1 company | GLORY System Create Ltd. |

Technical Safety Management

We are enhancing information security measures, such as introducing ID management systems and systems to prevent unauthorized entry via the Internet or to limit the use of external storage by device control.

Physical Safety Management

We have introduced an entrance and exit management system with ID cards or facial recognition along with a key management system to strictly control access and automatically save records.

We also ensure the continuous operation of the IT infrastructure by installing equipment such as private

power generators and a UPS (uninterruptible power system).

Information Security Education

Personnel Safety Management

We respond to constantly changing technologies and social circumstances and conduct level-based employee training to prevent information security breaches.

Our training includes programs for new employees to provide them with a basic knowledge of information security and relevant laws and regulations and training on supervisor responsibilities for information security so management can acquire the knowledge they need. We also conduct training programs for management-level personnel to deepen understanding of social trends (external environment) and our status (internal environment) related to information security.

We also conduct an annual, companywide e-learning program in October during Corporate Ethics Month to strengthen the information security literacy of employees.

Response to Information Security Incidents

In preparation for information security incidents such as data leaks, malware infection, and unauthorized access, we have established a system for minimizing damage, promptly recovering and preventing reoccurrence. G-CSIRT (Glory Computer Security Incident Response Team), which plays a central role in this effort, joined Nippon CSIRT Association, an industry group, in 2014 and has been enhancing response capabilities to incidents through such initiatives as gathering and sharing information and acquiring related skills.

Compliance

Glory strives to foster awareness of compliance Group wide and conduct honest and fair business activities.

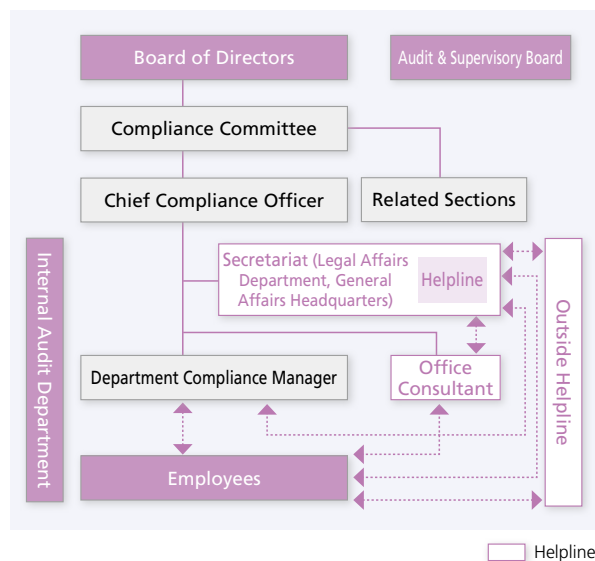
Compliance Framework

Glory views legal compliance as an important management issue for the Group, and so we strive to maintain or improve our compliance framework. One measure taken in that regard is the establishment of the Compliance Committee.

The committee is chaired by the president, includes two outside experts (attorneys at law), and deliberates key compliance-related issues concerning the Glory Group. Matters deliberated are reported to the Board of Directors.

Also, a chief compliance officer is appointed from among the officers in charge. The committee's secretariat takes charge of planning measures for thorough compliance as well as employee education and awareness activities.

Compliance Framework



Setting up a Consultation Service (Helplines)

Glory has set up four compliance helplines advised by (1) an immediate superior, (2) the Compliance Committee secretariat, (3) an office consultant, and (4) an external helpline (law firm) as a consultation service (helpline) for overall compliance issues of the Glory Group. The helplines were established to detect and correct issues at an early stage as well as to protect those seeking consultation under the Internal Regulations on Consultation.

Legal Code of Conduct

We established the Glory Legal Code of Conduct governing the laws and codes of ethics that must be adhered to by all Glory Group officers, employees, and business partners, including distributors, both domestic and overseas.

The code was developed from a global perspective to accommodate the rapid expansion of our overseas business. We strive to improve employee awareness of compliance through activities such as the distribution of the "Handbook" and training for every Group employee in order to continue to conduct honest and fair business worthy of the Glory brand and to maintain and ensure a high level of compliance and ethical standards.

Corruption Prevention

We have specified rules to prohibit bribery and prevent corruption in the Glory Legal Code of Conduct and endeavor to keep all domestic and overseas employees and business partners informed of them. We also conduct e-learning and other suitable means of education to prevent corrupt practices.

In fiscal year 2018, there were no occurrences of corrupt practices, including bribery.

Personal Information Protection

The Glory Group recognizes the importance of its responsibility to properly manage the personal information of stakeholders, including customers, business partners, and shareholders acquired through our business activities. We therefore ensure the proper management of personal information according to the Privacy Policy.

Furthermore, we have developed internal rules and conduct training to respond effectively to the EU General Data Protection Regulation (GDPR), which went into effect in May 2018.

WEB [Privacy Policy \(Japanese only\)](https://www.glory.co.jp/info/privacy/)
<https://www.glory.co.jp/info/privacy/>



Compliance Education

We conduct comprehensive training, including at Group companies, to ensure thorough compliance. New employee education includes learning about fundamental legal and ethical issues as well as internal rules. In addition, we conduct e-learning every year during Corporate Ethics Month in October for all domestic Group employees to refresh their understanding of basic issues and social trends.

In fiscal year 2018, programs were conducted under themes such as the gifts and entertainment rules stipulated in the Glory Legal Code of Conduct, the EU General Data Protection Regulation (GDPR), and prevention of harassment, with a combined total of 6,902 employees taking part in the various programs. Other programs include newly appointed manager education and special training to develop a more thorough and precise understanding of issues concerning laws and corporate ethics.

Intellectual Property Initiatives

Basic Concept

We encourage the creation of domestic and overseas inventions and acquire the relevant rights, make use of intellectual property rights, and take measures to avoid the risk of disputes by researching the rights of others, for the benefit of the Glory Group.

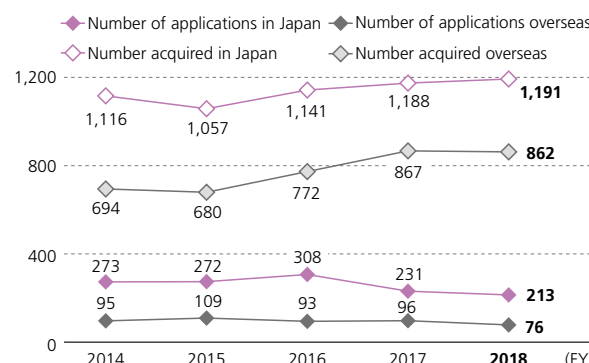
Ensuring Alignment with Business

We conduct activities for intellectual property in alignment with business activities. For example, divisions involved in intellectual property, such as the business and development divisions and the Intellectual Property Department, regularly convene meetings to discuss the utilization of intellectual property and application strategies to gain an advantage in business promotions.

We also engage in activities to extract ideas at each stage of planning and development to generate valid patents at an early stage. We identify ideas for specifications in the planning stage and for incorporating specifications in the development stage, enabling us to apply for patents promptly. Once patents are registered, business and development divisions gather feedback for sharing details about rights and discussing how best to utilize those rights.

As of the end of fiscal year 2018, the Glory Group held a total of 2,053 patents, utility models, and designs (1,191 domestic and 862 overseas).

Number of patents, utility models, and designs applied for and acquired



*1 Numbers are the total number of patents, utility models, and designs
*2 Numbers for both Japan and overseas are on a consolidated basis

Fostering Human Resources on Intellectual Property

Level-based training is provided to the planning and development divisions to raise general awareness of intellectual property while qualification- and position-based human resource development programs are offered to employees in the Intellectual Property Department. We established a strategy for raising the level of expertise through those programs, making it possible for the divisions involved as well as the Intellectual Property Department to foster human resources at appropriate levels.

Moreover, we have instituted an invention incentive system to provide compensation for outstanding inventions, especially those that have contributed to our business to boost the motivation of inventors.

Responsibility to Shareholders and Investors

Glory communicates with stakeholders and appropriately discloses information.



Governance

Policies Concerning Disclosure of Information and Constructive Dialogues

Glory is committed to “communicating with stakeholders and striving for appropriate information disclosure,” as declared in its Corporate Action Guidelines. With this stance, the company is dedicated to increasing the transparency of its management through quick, accurate, and fair provision of the latest corporate information and to gaining a better understanding of its management policies and business activities through constructive dialogues, thereby building long-term relationships of trust with shareholders and investors.

WEB Policies Concerning Disclosure of Information and Constructive Dialogues with Shareholders and Investors
<https://corporate.glory-global.com/ir/management/policy/>

General Meeting of Shareholders

Glory recognizes the vital importance of opportunities for dialogue with shareholders and endeavors to enliven the General Meeting of Shareholders.

We distribute convocation notices three weeks before the meetings to enable shareholders to have sufficient time to review proposals addressed at the General Meeting of Shareholders. Furthermore, convocation notices are posted on Tokyo Stock Exchange and Glory websites at least four weeks in advance. We have been exercising ingenuity every year in preparing clear and informative convocation notices with suitable photos and graphic charts. We also adopted electronic voting to facilitate shareholder participation in resolutions.

At the General Meeting of Shareholders, audio-visual presentations and narratives are used by the president to provide detailed reports on proposals to be acted upon along with key considerations for shareholders. During the Showroom Tour, conducted after the meeting, where our main products are displayed, executive officers including the president and staff members actively encourage communication with shareholders by explaining about Glory products and history.



General Meeting of Shareholders

WEB General Meeting of Shareholders
<https://corporate.glory-global.com/ir/meeting/>

Dialogue with Shareholders and Investors

Glory proactively arranges opportunities for dialogue with shareholders and investors to deepen their understanding of the company.

At meetings with institutional investors and analysts, we actively engage in dialogue on various topics, including shareholder returns and capital policies, as well as our management strategy, business models, and medium- to long-term management plan. In fiscal year 2018, we held meetings with approximately 350 companies.

In terms of information disclosure, we voluntarily hold financial results briefings and conference calls and include supplementary explanation to further clarify performance by segment and by area. We also extend invitations to IR events such as factory tours and exhibitions so participants can see our work themselves and gain a clearer understanding of our management strategy and business operations.

In addition, we co-host briefings with securities companies to provide individual shareholders and investors with a clear description of our business activities and communicate additional information through shareholder newsletters and our corporate website.



Financial results briefing



Tour of Saitama Factory for institutional investors

Information Disclosure on Website

A special section for shareholders and investors has been set up on the Glory corporate website to ensure timely and more convenient information disclosure. Documents disclosed include quarterly financial reports, shareholder newsletters, and annual reports. We want our website to be easy to understand and user-friendly with enhanced content.

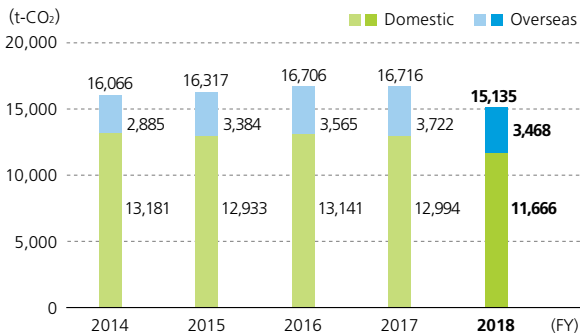
Environment

Environmental Impacts from Business Operations (Material Balance)

| Input | Category | Value | | Development and Production Operations in Glory | Output | Category | Value | |
|---------------------|-----------------------|----------|----------------|--|-----------------------|-------------------|----------|-------------------|
| | | Quantity | Unit | | | | Quantity | Unit |
| Energy | Energy use | 130,975 | GJ | Development and Production Operations in Glory | Greenhouse gases | CO ₂ | 5,912 | t-CO ₂ |
| | Electricity | 1,302 | million kWh | | | HFCs in products | None | |
| | City gas | 80,000 | m ³ | | Atmospheric emissions | NOx | 0 | t |
| Water | Water use | 39,000 | t | | | SOx | 0 | t |
| | Clean water | 39,000 | t | | | PRTR substances | 0.2 | t |
| Chemical substances | Volume handled | 73.7 | t | | Emissions to water | Wastewater | 39,000 | t |
| | | | | | | Industrial water | 0 | t |
| Waste | Total waste emissions | 271 | t | | Waste | Recycled waste | 270 | t |
| | | | | | | Landfill disposal | 0.07 | t |

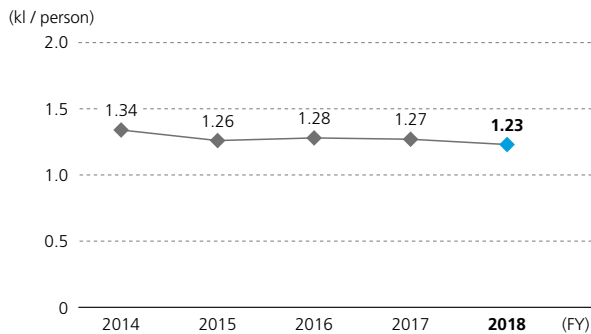
Scope: Production sites of GLORY LTD.

CO₂ Emissions



*1 Domestic business sites that have acquired ISO 14001 certification
 *2 Following overseas business sites that have acquired ISO 14001 certification
 GLORY Denshi Kogyo (Suzhou) Ltd., GLORY (PHILIPPINES), INC.
 Glory Global Solutions (France) S.A.S.
 Glory Global Solutions (Germany) GmbH
 Glory Global Solutions Inc.

Energy Consumption per Employee



*Domestic business sites that have acquired ISO 14001 certification

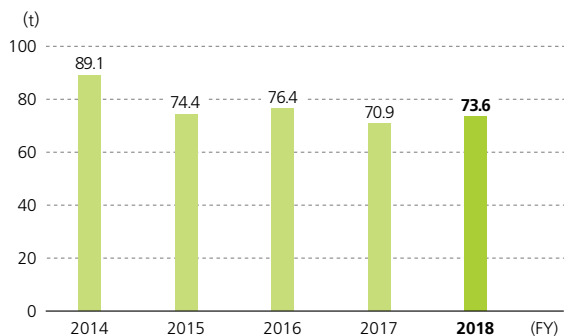
CO₂ Emissions for each Scope

| Scope and Category | Fiscal Year 2018 | | |
|-----------------------------------|--|----------------|------|
| | Emissions (t-CO ₂) | Ratio (%) | |
| Scope 1 | 1,023 | 0.2 | |
| Scope 2 | 14,112 | 3.2 | |
| Scope 3 | 432,494 | 96.6 | |
| Category 1 | Purchased goods and services | 179,946 | 41.6 |
| Category 2 | Capital goods | 27,879 | 6.5 |
| Category 3 | Fuel- and energy-related activities | 1,350 | 0.3 |
| Category 4 | Upstream transportation and distribution | 13,210 | 3.1 |
| Category 5 | Waste generated in operations | 615 | 0.1 |
| Category 6 | Business travel | 2,259 | 0.5 |
| Category 7 | Employee commuting | 2,569 | 0.6 |
| Category 8 | Upstream leased assets | 2,235 | 0.5 |
| Category 9 | Downstream transportation and distribution | Not applicable | - |
| Category 10 | Processing of sold products | Not applicable | - |
| Category 11 | Use of sold products | 199,684 | 46.2 |
| Category 12 | End-of-life treatment of sold products | 2,645 | 0.6 |
| Category 13 | Downstream leased assets | Not applicable | - |
| Category 14 | Franchises | Not applicable | - |
| Category 15 | Investments | 102 | 0.0 |
| Total of Scope 1, 2, and 3 | 447,629 | 100.0 | |

*Boundaries for each Scope are as follows.
 Scope 1: GLORY LTD. and domestic and overseas Group companies that have acquired ISO 14001 certification (excluding fuels of vehicles owned by the company)
 Scope 2: GLORY LTD. and domestic and overseas Group companies that have acquired ISO 14001 certification

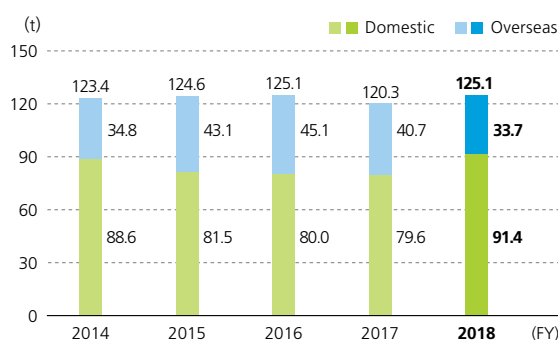
ESG Data

Volume of PRTR Law-Listed Substances (Domestic)



*Domestic business sites that have acquired ISO 14001 certification

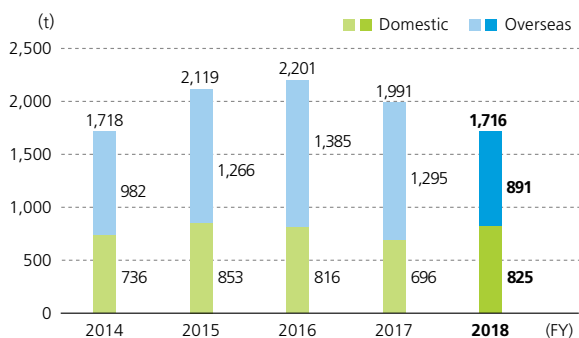
Water Use



*1 Domestic business sites that have acquired ISO 14001 certification (excluding some non-production sites)

*2 Following overseas business sites that have acquired ISO 14001 certification
 GLORY Denshi Kogyo (Suzhou) Ltd., GLORY (PHILIPPINES), INC.
 Glory Global Solutions (France) S.A.S.
 Glory Global Solutions (Germany) GmbH
 Glory Global Solutions Inc.

Waste Volume



*1 Domestic business sites that have acquired ISO 14001 certification

*2 Following overseas business sites that have acquired ISO 14001 certification
 GLORY Denshi Kogyo (Suzhou) Ltd., GLORY (PHILIPPINES), INC.
 Glory Global Solutions (France) S.A.S.
 Glory Global Solutions (Germany) GmbH
 Glory Global Solutions Inc.

Zero-Emission Sites (Domestic)

| FY | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------|------|------|------|------|------|
| Number of sites | 6 | 8 | 8 | 8 | 8 |

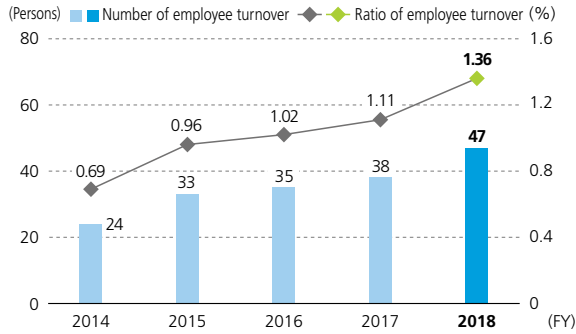
*Domestic business sites that have acquired ISO 14001 certification

Human resources

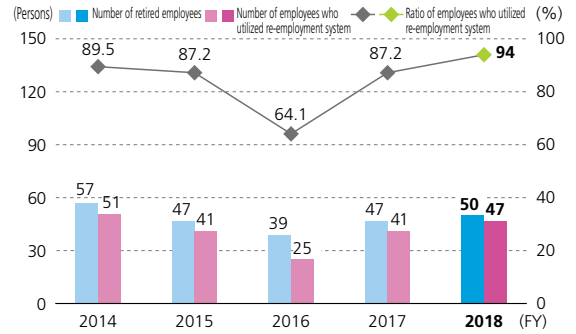
Employees Data

| FY | | | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-----------------------------|--------|-------|-------|-------|-------|-------|
| Permanent employees | Number of employees | Male | 2,860 | 2,837 | 2,832 | 2,882 | 3,000 |
| | | Female | 402 | 407 | 414 | 432 | 447 |
| | | Total | 3,262 | 3,244 | 3,246 | 3,314 | 3,447 |
| | Average years of employment | Male | 18.4 | 18.7 | 19.8 | 20.1 | 20.1 |
| | | Female | 17.2 | 17.8 | 18.2 | 18.4 | 18.8 |
| | | Total | 18.2 | 18.6 | 19.6 | 19.9 | 19.9 |
| | Average age | Male | 41.8 | 42.2 | 43.2 | 43.6 | 43.8 |
| | | Female | 39.5 | 40.2 | 40.7 | 41.1 | 41.5 |
| | | Total | 41.6 | 41.9 | 42.9 | 43.3 | 43.5 |
| Semi-regular and contract employees., etc | Number of employees | Total | 453 | 435 | 419 | 380 | 379 |

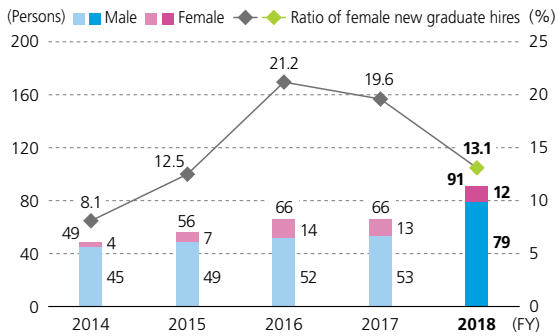
Number and the Ratio of Employee Turnover



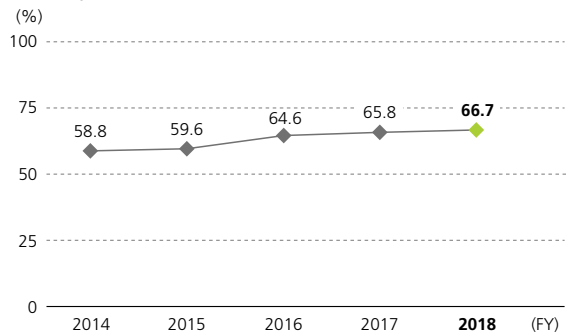
Number and Ratio of Employees Who Utilized Re-employment System



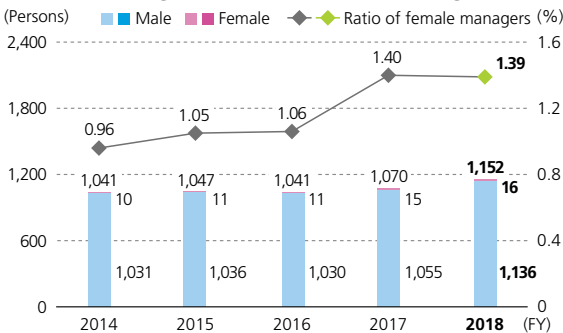
Number of New Graduate Hires and Ratio of Female



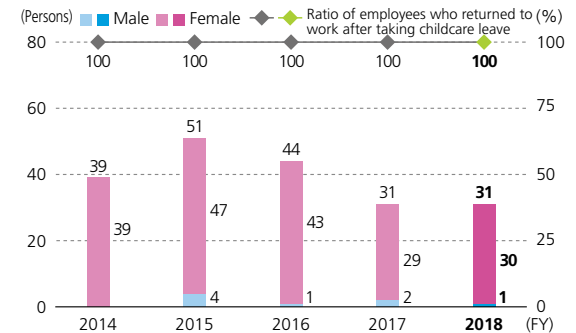
Ratio of Days Taken Paid Leave



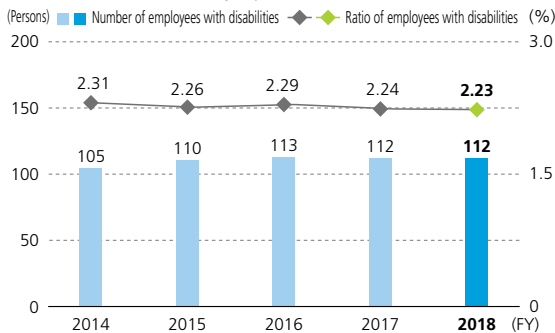
Number of Managers and Ratio of Female Managers



Number of Employees Taking Childcare Leave and Ratio of Employees Who Returned to Work after Taking Childcare Leave



Number and Ratio of Employees with Disabilities



Number of Employees Taking Nursing Care Leave

| FY | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------|------|------|------|------|------|
| Male | 1 | 0 | 0 | 0 | 0 |
| Female | 0 | 0 | 0 | 0 | 0 |
| Total | 1 | 0 | 0 | 0 | 0 |

Annual Actual Working Hours Per Employee

| FY | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------------------|-------|-------|-------|-------|-------|
| Actual working hours (hour / year) | 2,114 | 2,088 | 2,058 | 2,032 | 2,020 |

*Includes data from GLORY Products Ltd., GLORY Friendly Co., Ltd., GLORY System Create Ltd., and GLORY Mechatronics Ltd.

ESG Data

Training Expenditures

| FY | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|--------|--------|--------|--------|---------------|
| Training expenditures (millions of yen) | 193 | 208 | 225 | 245 | 248 |
| Training expenditures per employee (yen / person) | 59,166 | 64,118 | 69,316 | 73,929 | 71,947 |

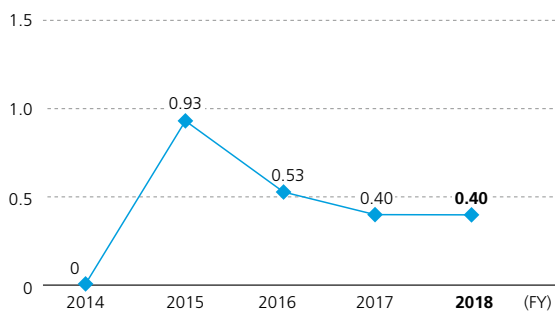
Ratio of Employees in Union

| FY | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------------------|------|------|------|------|-------------|
| Ratio of employees in union (%) | 57.0 | 54.5 | 55.7 | 55.4 | 55.3 |

Number of Occupational and Commuting Accidents

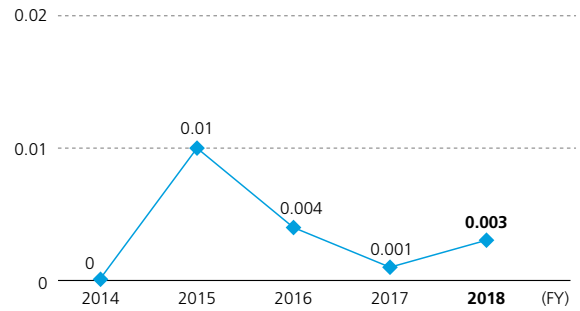
| FY | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------------------|------|------|------|------|-----------|
| Number of occupational accidents | 10 | 17 | 19 | 10 | 8 |
| Number of commuting accidents | 13 | 15 | 18 | 13 | 18 |

Lost Time Injury Frequency Rate



* This shows the frequency of work-related calamities, expressed in number of casualties for every 1,000,000 working hours.
 Frequency rate = Number of calamities by industrial injuries / Total actual working hours × 1,000,000

Lost Time Injury Severity Rate



* This shows the severity of the calamity, expressed in man-days lost per 1,000 hours worked.
 Severity rate = Total number of working days lost / Total actual working hours × 1,000

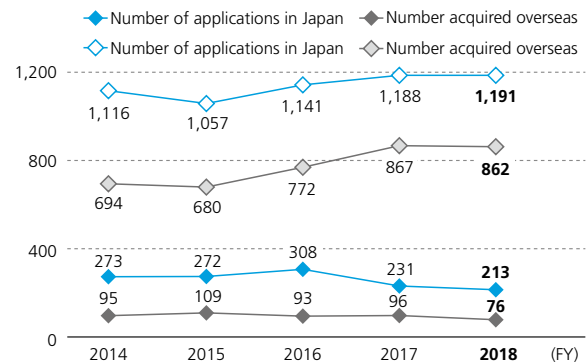
Social Initiatives

Social initiatives expenditures

| FY | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------|------|------|------|-----------|
| Social initiatives expenditures (millions of yen) | 11 | 18 | 22 | 15 | 21 |

Intellectual Property Initiatives

Number of Patents, Utility Models, and Designs Applied for and Acquired



*1 Numbers are the total number of patents, utility models, and designs.
 *2 Numbers for both Japan and overseas are on a consolidated basis.

Third-Party Opinion



Masahiko Kawamura

Director/Senior Chief Research Fellow, Sun Messe Innovative Network Center (Sinc)
Senior Advisor, Sun Messe Co., Ltd.
Visiting Researcher, NLI Research Institute

Report Composition: The reporting scope needs to be more global.

What I first realized after reading this year's CSR Report was that the number of pages had doubled compared to last year. In addition to the "Data" section at the end, efforts are reported by the ESG area and content has been improved.

Especially in "Glory's CSR Material Issues," a materiality map reveals the degree of materiality, targets, results, and issues for each item have been clarified. However, this work only reflects a single year, so integration with mid- to long-term plans (2020 Medium-Term Management Plan and Long-Term Vision 2028) will be necessary. Similarly, in "Major CSR Initiatives in the Value Chain," the charts comprehensively present the achieved values for each stakeholder category. Yet Glory's CSR issues could be made clearer to readers by indicating the social impacts, both positive and negative across all value chain stages, as in the case of environmental impact. This is also related to SDG issues, which I will come to later.

Glory may indeed have a sufficiently international presence to be referred to as a global company in terms of its development, manufacturing, and procurement operations in Japan and Asia as well as its worldwide sales and maintenance activities, with overseas sales accounting for over 40% of the total sale. Nevertheless, the information in this report has a primarily domestic focus, leaving room for increasing the globalization of information disclosure, particularly for CSR. To this end, I recommend deploying CSR staff in each country. In addition, it will be necessary to report on CSR management beyond social contribution activities in those nations.

Glory's Response

We are very grateful to Mr. Kawamura for his valuable remarks on our CSR.

The Glory Group is now working company-wide towards achieving the 2020 Medium-Term Management Plan. We will utilize our accumulated core and advanced technologies to deliver new solutions for increasingly complex social issues while continuing to value and deepen the solid relationships of trust with our customers.

We view our CSR initiatives from a global perspective, which Mr. Kawamura pointed out, as a major focus for formulating the next Medium-Term Management Plan. Future efforts are intended to achieve our long-term vision, which states "We enable a confident world." In this spirit, we will strive to further promote Group-wide CSR management.

Report Content: The shift toward strategic CSR management is expected.

Although there has been some progress in environmental initiatives and information disclosure, "energy consumption per employee" as a KPI for operating hours does not necessarily indicate a contribution to the Paris Agreement and SDGs, which require reductions in total CO₂ emissions. On the other hand, environmentally sound product development merits recognition, and Glory has set a long-term goal of reducing CO₂ emissions associated with Scope 3, the use of products, by 30% from the 2005 level. This goal is comparable to a KPI.

Glory's environmental education also deserves recognition for training product designers in environmentally sound design, which is directly connected to "G-Eco products," and particularly for extending this environmental education to the employees of resident suppliers. Meanwhile, descriptions of the presence or absence of negative environmental information confirms for me the thoroughness of operational management and the integrity of reporting.

Regarding the social aspects, while CSR procurement is pursued in supply chain management through the CSR voluntary checklist in Japan, this effort should be expanded to locations overseas in future reports. Diversity of human resources seems to be focused on employing women, people with disabilities, and the elderly in Japan. What about foreign nationals? Moreover, there is no description of human resources regarding overseas manufacturing, sales, or maintenance.

In terms of contributing to the achievement of SDGs, simply integrating the use of the icons merely expresses Glory's willingness to participate in these same areas. The key is to practically achieve the SDGs for 2030, and therefore it should define its goals and implementation plans in line with target levels. Glory's own issues could be extracted through the value chain mapping proposed in the SDG Compass.

I would expect for Glory, having celebrated its 100th anniversary this year, to make the shift toward CSR management, in which the company considers its ideal image from the perspective of a long-term strategy based on mega trends towards realizing a sustainable society in the 21st century.



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