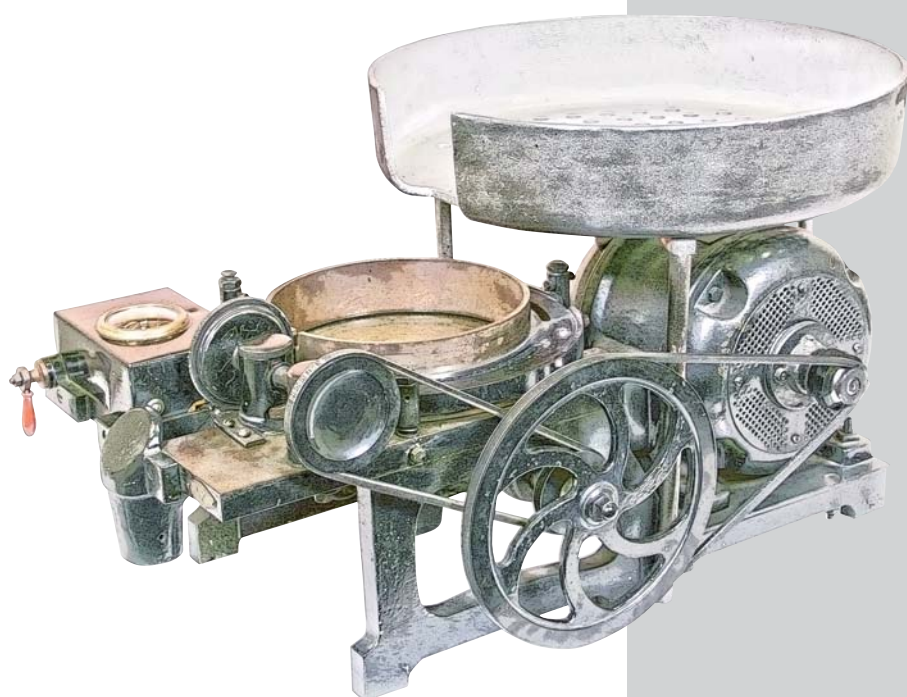


GLORY

GLORY CSR Report 2016



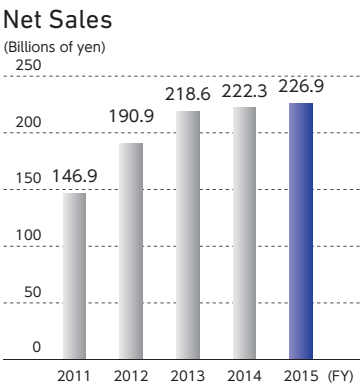
GLORY at a Glance

Corporate name	: GLORY LTD.	Stock listings	: Tokyo Stock Exchange (1st Section)
Founded	: March 1918	Number of employees	: 3,244 (Group: 9,093) Note: As of March 31, 2016
Incorporated	: November 1944	Line of business	: Development, manufacturing, sales, and maintenance of money handling machines, data processing equipment, peripheral devices, vending machines, automatic service equipment, etc.
Capital	: ¥12,892,947,600		

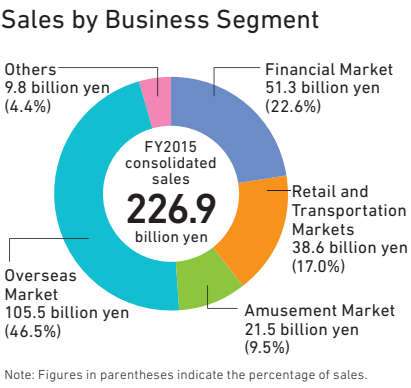
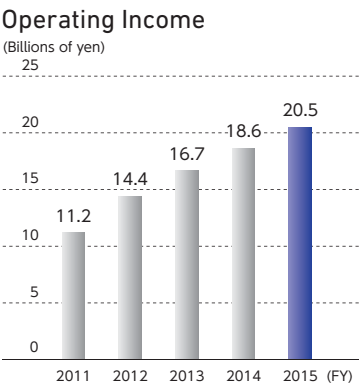
Business Segments

	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
Retail and Transportation Markets 	Supermarkets, department stores, cash-in-transit companies, railroad 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
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 Sales proceeds deposit machines Coin wrappers
Others 	Tobacco shops, tobacco companies, hospitals, local governments, general companies, and others in Japan	Cigarette vending machines Banknote recycling modules for horse race ticket vending machines Medical payment kiosks	RFID self-checkout systems for cafeterias Ballot sorters for handwritten ballots

Financial Data (Consolidated)



Note: From the fiscal year ended March 31, 2016, GLORY has changed its method of translating the revenue and expense accounts of overseas subsidiaries into Japanese yen. The financial figures provided for the fiscal year ended March 31, 2015 are the figures after the retrospective application.

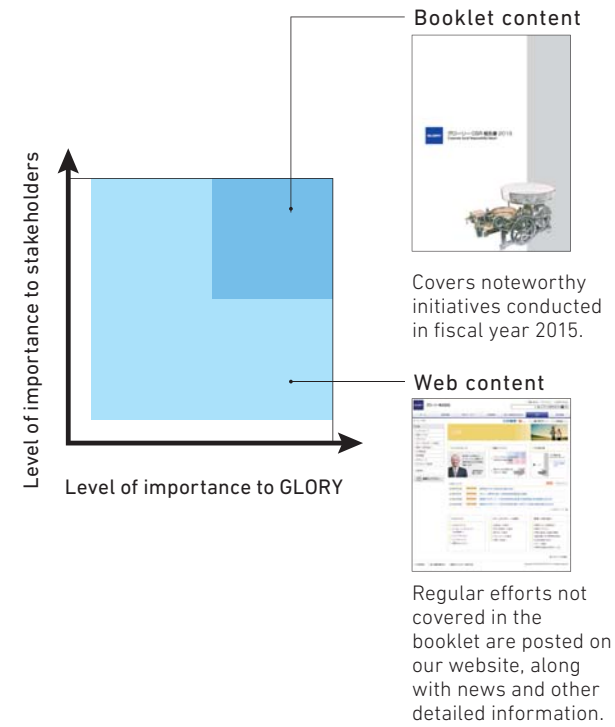


Editorial Policy

The *GLORY CSR Report 2016* aims to inform a wide range of stakeholders about the CSR initiatives that GLORY LTD. and GLORY Group companies conducted during fiscal year 2015.


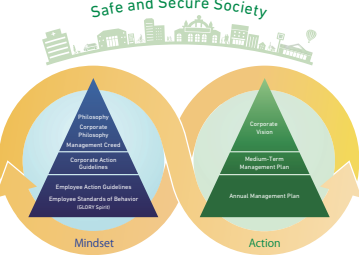


This report contains information in line with the Standard Disclosures of the Sustainability Reporting Guidelines, Version 4 set out by the Global Reporting Initiative (GRI). GLORY is also in the process of identifying material issues in line with the relevant process defined by the GRI.

Special Report 1 outlines major CSR initiatives for each stakeholder category in the value chain. Special Report 2 introduces the history of GLORY products. The *GLORY CSR Report 2016* also covers major efforts in fiscal year 2015 related to environmental protection, social action, and corporate governance. Further details can be found on the GLORY website.



- **Report Subjects**
- This report generally describes the efforts of GLORY LTD. 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 covers the ISO 14001-certified offices of GLORY LTD. and GLORY Group companies.
- **Reporting Period**
- Fiscal year 2015 (April 1, 2015 to March 31, 2016)
(May include reporting of items occurring in or after April 2016.)
- **Publication Date**
- July 2016
- **Referenced Guidelines**
- Sustainability Reporting Guidelines, Version 4, Global Reporting Initiative (GRI)
2012 Environmental Reporting Guidelines, Ministry of the Environment, Japan

Table of Contents

Message from the President	3
	
Corporate Philosophy and Management Creed	5
	
Special Report 1 Major CSR Initiatives in the Value Chain	7
	
Special Report 2 GLORY Products Evolve with the Times	9
	
Governance	11
Quality Initiatives	13
Human Resource Initiatives	15
Social Initiatives	17
Environmental Initiatives	19
Stakeholder Dialogue	21
Third-Party Opinion	22



Years of Technological Prowess
and the Ability to Provide
Exacting Solutions Allow
GLORY to Help Realize
a Sustainable Society

Hirokazu Onoe.

Hirokazu Onoe
President, GLORY LTD.

Manufacturing for People and the
Unifying Force of Our DNA

Founded in 1918 with just seven employees, GLORY began as a factory for repairing light-bulb manufacturing devices. As our work consisted of irregular repair and subcontracting jobs, the business was not very stable in the beginning. Nevertheless, our founders were determined to one day have the company's name on its own products. The rest is history. Today, GLORY can look back on having overcome many development challenges over the years.

A major turning point came when the Ministry of Finance's Mint Bureau (known today as the Japan Mint) asked us to develop a coin counter. Until that time, the Mint Bureau had been using imported machines that were bulky and difficult to operate and maintain. Despite having no previous experience in this field, we immediately accepted the challenge. After all, it was an opportunity to open new doors to product development. Months of

trial and error led to the successful completion of Japan's first coin counter in 1950.

This coin counter was our first step as a pioneer in the money handling machine business. Over the years, GLORY has released a string of first-in-Japan products, such as coin wrappers, coin sorters, cigarette vending machines, and coin-operated lockers with extendable time limits. Our corporate philosophy, "We will contribute to the development of a more secure society through a striving spirit and cooperative efforts," encompasses our stance of continuously striving to benefit people by creating products that have never been seen before. This perspective has been handed down through generations and remains an integral part of our corporate culture and DNA.

This corporate culture provides the basis for the continued expansion of our business. In addition to our core proprietary technologies in

recognition/identification and mechatronics, one of our greatest strengths is the ability to respond promptly to customer needs. We do so through a consistent group structure that integrates every stage of the product process, including planning, development, procurement, manufacturing, sales, and maintenance.

Global Strategy, New Challenges

Looking towards our centennial in 2018, we have formulated the Long-Range Vision 2018 as a shared target for achieving the group vision of "GLORY as the world's top brand"—that is, making ourselves the world's leading brand in our field. The final step towards achieving this is the 2017 Medium-Term Management Plan, a three-year plan that began in April 2015. This plan's basic policy is to realize business growth through "customer-oriented superb manufacturing" and enhance profitability to achieve the Long-Range Vision 2018. After implementing the key strategies, we saw a strong business performance in Japan and worldwide for fiscal year 2015, the first year of the plan. As we approach GLORY's 100th anniversary, fiscal year 2016 will be crucial as the second year of the plan.

The GLORY Group does business in over 100 countries, conducting locally geared strategies based on meticulous analysis of the various needs and challenges in each country and region. We also leverage proprietary technologies and know-how built up in Japan to provide customers with high accuracy and efficiency in value-added products and solutions.

In pursuing this global strategy, GLORY is striving aggressively to create new value in fields beyond money handling machines. One focus will be the increasingly important market for security products. Here, we are applying our existing core technologies and conducting research that is advancing new technologies such as facial recognition. Facial recognition has already been successfully applied to commercially viable keyless room entry systems for hotels. This technology offers convenience and safety, and it boasts the industry's highest level of facial recognition accuracy. We expect to see it incorporated into

many more facets of people's daily lives in the near future.

Contributing to a Sustainable and
Diverse Society

In 2014, GLORY signed the United Nations Global Compact. We make every effort to comply with the 10 principles covering human rights, labor, the environment, and anti-corruption. We believe that these 10 principles are based on the same values as those underlying our Corporate Action Guidelines.

As a global company, we place the utmost importance on efforts that promote respect for and the furthering of diversity. It is our belief that in order to achieve greater growth and contribute to society on a wider scale, many individuals of differing nationalities, religions, cultures, and values must work together towards a common goal. Our *Guidelines of GLORY* handbook contains our corporate philosophy, Corporate Action Guidelines, and other information. Produced in eight different languages, this handbook has been distributed to all of our worldwide employees.

Guided by our corporate philosophy, we will continue to earn the trust of our stakeholders and strive to be a corporate group contributing to the realization of a sustainable society.

June 2016



Corporate Philosophy and Management Creed

GLORY's corporate philosophy, which represents our corporate goal and raison d'être, is: "We will contribute to the development of a more secure society through a striving spirit and cooperative efforts." These words express our determination to achieve growth as a sustainable enterprise by contributing to a prosperous society through our uncompromising approach to product development. This philosophy guides our efforts to continuously improve our corporate value through sound and efficient business management, so that we can exist in harmony with society and earn the trust and support of all stakeholders.

Corporate Philosophy

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

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 a responsible corporate citizen and coexist harmoniously with society at large.



2017 Medium-Term Management Plan

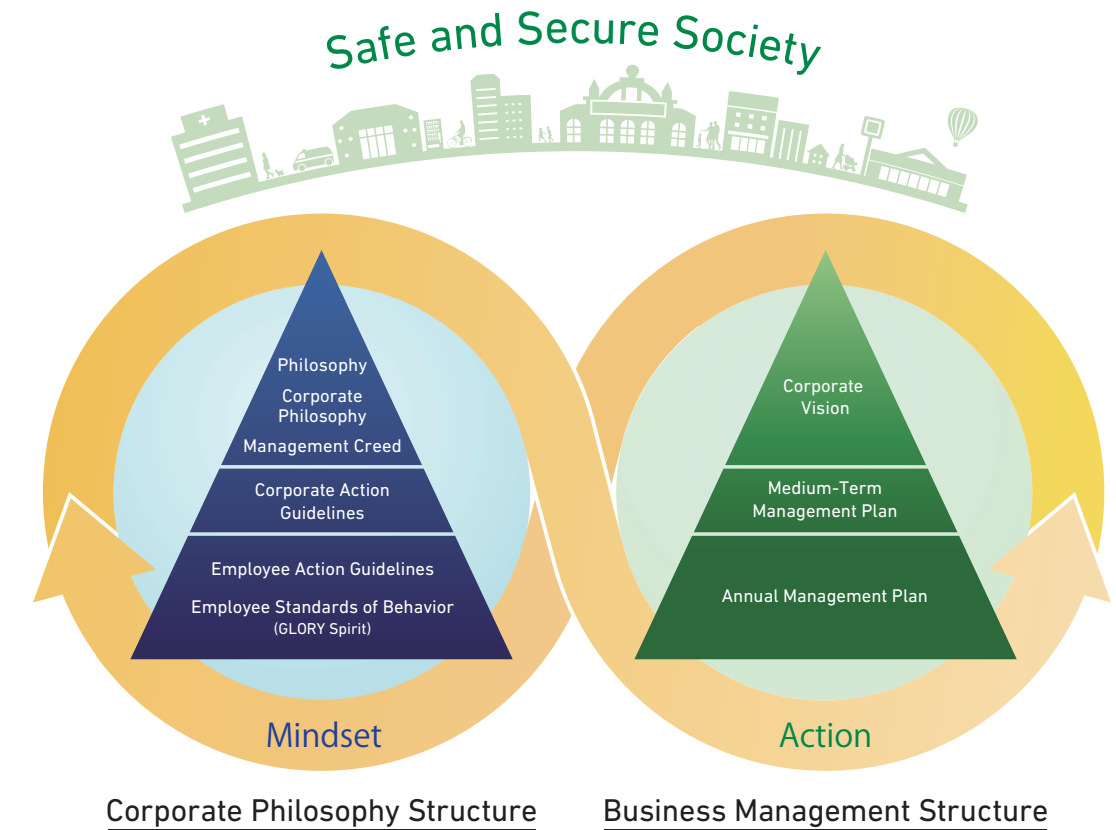
Basic Policy

Realize business growth through "customer-oriented superb manufacturing" and enhance profitability to achieve the Long-Range Vision 2018

	Business Strategy	Constitutional Strategy	Corporate Management Strategy
Basic Strategy	Enhance profitability by expanding business size/area	Provide timely products and services meeting market needs	Reinforce group management infrastructure
Focus	<ul style="list-style-type: none"> • Domestic business • Overseas business 	<ul style="list-style-type: none"> • Product development • Production/Procurement • Quality assurance 	<ul style="list-style-type: none"> • Group governance • Human resources • Capital/Financing • Information systems

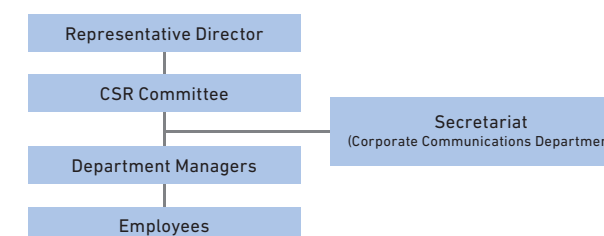
GLORY's CSR Philosophy

GLORY believes that corporate social responsibility (CSR) is achieved by putting its corporate philosophy into practice. This means offering money handling machines and other products and services of high social importance to respond to customers' needs for efficiency and accuracy and thus contribute to the realization of a safe and secure society.



CSR Promotion Framework

CSR efforts in the GLORY Group are led by the CSR Committee, which is chaired by the President and made up of management-level employees. 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 Education




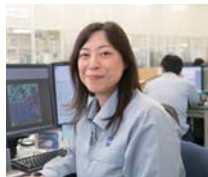


Every employee in the GLORY Group receives a copy of the *Guidelines of GLORY handbook*, which contains information such as the corporate philosophy, management creed, and the Corporate Action Guidelines. The handbook is available in eight different language versions to ensure that employees around the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



Guidelines of GLORY handbook

Major CSR Initiatives in the Value Chain

These are the major initiatives that the GLORY Group is carrying out for each stakeholder category in the value chain.

Value Chain	Planning	Development	Procurement	Manufacturing	Sales	Maintenance
Major Initiatives for Each Stakeholder	<p>GLORY's mission is to continuously develop products and solutions that satisfy its customers' needs. The product planning division keeps its ears tuned to customer requests and strives to reflect these in future products by working with the development division—the next step in bringing products to market.</p>	<p>The prime objective at GLORY is to develop new products that customers can depend on. While ensuring the quality and timely release of products, GLORY strives also to develop new products with ever-greater customer usability and environmental performance.</p>	<p>The top priority of the procurement division is maintaining a stable supply chain. GLORY complies with all applicable laws and carries out fair and open purchasing in an effort to progress in unison with business partners and ensure CSR-oriented procurement throughout the entire supply chain.</p>	<p>GLORY strives to deliver high-quality products in a timely manner. With the Himeji Factory—the main factory—in the central role, GLORY has built an optimized manufacturing system in which each of the company's factories in Japan and overseas contributes its own particular strengths.</p>	<p>GLORY places the utmost importance on communication with customers. Based on an analysis of the exact needs of each market and customer, GLORY strives to provide in a timely manner high-value-added products and services that, for example, achieve ever-greater efficiency and accuracy in the business of handling cash.</p>	<p>The maintenance division has a thorough support system that constantly provides prompt, exacting, and sincere service to ensure that customers can use GLORY products with peace of mind. It also constantly adds new services with the aim of raising customer satisfaction.</p>
	<p>Customers</p> <ul style="list-style-type: none">• Create new value and solutions• Plan products that match customer needs <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 lifecycle	<p>Customers</p> <ul style="list-style-type: none">• Develop products that match customer needs in a timely manner• Ensure quality• Incorporate universal design• Develop products utilizing new technologies <p>Customers Global environment</p> <ul style="list-style-type: none">• Develop environmentally friendly products <p>Employees</p> <ul style="list-style-type: none">• Promote a work-life balance• Provide education to improve employee skills	<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 in the supply chain <p>Global environment</p> <ul style="list-style-type: none">• Promote green procurement• Protect biodiversity	<p>Customers</p> <ul style="list-style-type: none">• Ensure quality and stable supply• Shorten lead-time• Boost cost competitiveness <p>Global environment</p> <ul style="list-style-type: none">• Manufacture with an eye to saving resources, recycling, and reusing <p>Local communities</p> <ul style="list-style-type: none">• Ensure safety in the vicinity of each plant <p>Employees</p> <ul style="list-style-type: none">• Respect human rights and ensure occupational health and safety	<p>Customers</p> <ul style="list-style-type: none">• Provide products that match customer needs in a timely manner• Provide appropriate information on products and services• Properly manage customer information and personal information <p>Customers Global environment</p> <ul style="list-style-type: none">• Sell environmentally friendly products <p>Employees</p> <ul style="list-style-type: none">• Promote a work-life balance	<p>Customers</p> <ul style="list-style-type: none">• Provide prompt, reliable maintenance• Improve maintenance quality through customer focus• Properly manage customer information and personal information <p>Global environment</p> <ul style="list-style-type: none">• Switch to eco-cars• Sell CFC-free cleaning goods <p>Employees</p> <ul style="list-style-type: none">• Promote a work-life balance• Train employees based on qualification systems
	<p>Kouichi Nishida</p> <p>Product Planning Department, International Business Headquarters</p>  <p>GLORY's coin and banknote recyclers streamline the cash settlement operation in overseas retail stores, allowing customers to pay for goods and receive the change themselves. Take, for example, a business such as a bakery in France. Staff at the bakery, who regularly touch bread and pastries with their hands no longer need to handle any cash. The bakery can offer their products in a more hygienic manner giving peace of mind to their customers.</p> <p>We will continue to develop products that match the specific needs of customers around the world.</p>	<p>Kei Itsushiki</p> <p>Switzerland Office, Development Division 1, Development Headquarters</p>  <p>To answer the question "what does quality mean to customers?" I try to understand the difference in values from region to region and from market to market. My ability to do this has a huge impact on the quality of the final product. Customers want high-quality products. I believe that by putting myself in the customer's shoes, I can understand the best way to use technologies to solve their problems. This allows me to provide customers with highly satisfactory products.</p>	<p>Yuki Matsui</p> <p>Purchasing Procurement Department, Purchasing Division, Production Headquarters</p>  <p>I am involved in purchasing mounting boards and harnesses from international suppliers. These electrical components are used in sales proceeds deposit machines that we market in Japan and overseas. Whether the suppliers are in Japan or overseas, we communicate closely with them so that they fully understand GLORY's procurement philosophy with regard to issues such as human rights and legal compliance. We also cooperate with them to ensure a stable procurement of parts.</p>	<p>Yayoi Nakatani</p> <p>Electrical Parts Assembling Department, Himeji Factory, Production Headquarters</p>  <p>We are in charge of designing printed circuit boards according to the circuit diagrams and specifications developed by the development division. The goal is to provide customers with truly satisfying products. Besides meeting delivery deadlines, we must ensure that our designs do not result in any defective products during the production stage. To this end, we strive to raise quality through constant cooperation with the development and production divisions.</p>	<p>Daisuke Teranishi</p> <p>Sales Department 2, Retail Market Sales Division, Domestic Business Headquarters</p>  <p>I am a salesperson working with POS manufacturers and in markets that still have a low POS penetration rate, mainly dealing in coin and banknote recyclers for cashiers. I relay opinions and requests from customers to the planning and development divisions with the goal of providing customers with optimized solutions that meet their business needs.</p> <p>If a problem arises after product delivery, I immediately contact the relevant company division to solve the issue, so that customers are always able to use our products with peace of mind.</p>	<p>Minoru Tanaka</p> <p>Kumamoto Local Office, Kyushu Regional Office, Service Headquarters</p>  <p>My greatest joy is to hear our customers say "thank you."</p> <p>As technical staff, we believe it is our mission to ensure that customers can use GLORY products with peace of mind and that we provide them with satisfying service. Besides constantly improving our product knowledge and maintenance skills, we always put ourselves in the customers' shoes. We also strive to train new members of the maintenance team to the highest level.</p>

GLORY Products Evolve with the Times

With changing times come changing needs to which GLORY has continued to respond with products offering ever-expanding possibilities.

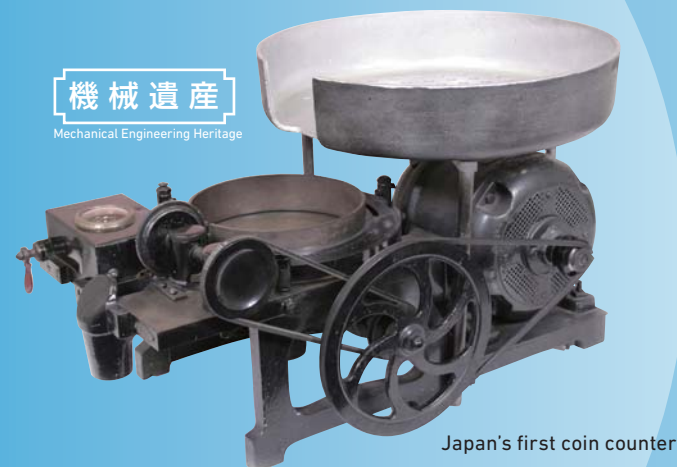
1950s

The post-war reconstruction of Japan and its economic recovery proceeded at a pace that startled the world. By 1955, Japan's GNP had already surpassed pre-war levels, and in 1956 a government economic white paper proclaimed the end of the post-war era—a phrase that struck a chord with the Japanese people.

■ Japan's First Coin Counter Certified As a Mechanical Engineering Heritage* in 2015

GLORY developed the first coin counter made in Japan. The product has been recognized as a historically significant product, owing to its contribution to saving labor and boosting reliability in the field of cash handling.

* The Mechanical Engineering Heritage is a list of historically significant mechanically related heritage items recognized and compiled by the Japan Society of Mechanical Engineers (JSME).



The Curtain Opens on GLORY-Made Products

Japan's First Coin Counter

Japan was in the midst of a shipbuilding boom in 1949, and GLORY* was subcontracted to manufacture ship parts. Although the company's factory was operating at full capacity, orders ended up falling drastically. It was at that time that GLORY was approached by the Mint Bureau (known today as the Japan Mint) about making a coin counter. GLORY's then president, Jusaku Onoe, had always believed that the company should break out of its limited role as a manufacturing subcontractor and develop its own products. He saw this as the perfect opportunity to realize this dream. After much trial and error, GLORY successfully built Japan's first coin counter in 1950 and delivered it to the Mint Bureau.

The development of this coin counter marked GLORY's beginnings as a manufacturer of money handling machines. The centrifugal force technology employed in this machine to relay the coins one at a time during the counting process is still used today on money handling machines.

* Before 1971, GLORY LTD. was known as Kokuei Machinery Manufacturing.

1960s–1970s

The period from the early 1960s to the early 1970s saw a string of major events in Japan that symbolized the country's transition to a major economic power, including the 1964 Tokyo Olympics, the inauguration of the Tokaido Shinkansen bullet train, and Expo '70 in Osaka. The standard of living was rising, and Japanese people began to think of themselves as middle class. However, the oil crisis in 1973 marked the end of this phase of Japan's unprecedented economic growth.



Period of Growth and Development

From Single-Function Machines to Multifunction Solutions

During what was hailed as Japan's period of rapid economic growth, GLORY was also growing. In the 1960s, the company developed products such as coin wrappers and coin sorters. It also began development of banknote handling machines, as it built on its foundation as a comprehensive manufacturer of money handling machines. The development of other products such as coin wrappers and banknote counters for export marked the beginning of a new business path to overseas markets.

In the 1970s, GLORY made the transition from single-function machines to multifunction solutions, in the process contributing to automation and labor savings for companies in the financial and distribution industries. It anticipated customer needs with a succession of products including cash deposit and withdrawal control systems and multifunctional banknote changers. These state-of-the-art developments allowed GLORY to achieve steady progress even in the midst of the post-oil-crisis

1980s–1990s

The mid-1980s to the early 1990s saw Japan go on a high-profile worldwide spending spree that put it in the global spotlight, for better or worse. After the collapse of Japan's bubble economy in 1991, Japan went through a long period of economic stagnation called "the lost decade" or worse, "the lost 20 years." This was also when the Cold War was coming to an end and the world was undergoing economic globalization against the background of the birth of the EU and rapid advances in transportation and IT.



New Products Drive Business Expansion

Core Technologies Key to New Challenges

GLORY was expanding business and building up its technologies. Starting with coin counters, the company developed numerous products in the coin and banknote handling field. In 1986, GLORY became the first in the industry to develop a teller machine, the open teller system, for sales offices in financial institutions. GLORY went on to develop other products that met the needs of financial institutions, which diversified in response to a changing society and to requests for improved efficiency in work processes and use of capital. In 1992, GLORY targeted the distribution market with the release of the industry's first coin and banknote recycler, which automatically gave coin change during cash transactions. This product proved to be a huge hit, thanks to its ability to dramatically improve the efficiency of cashier payment transactions.

In addition, GLORY's recognition/identification technologies—core technologies built up through the development of money handling machines—evolved to the point where they could identify things like personal seals and handwriting. This opened up further business opportunities.

2000s Onward

At the start of the 21st century, Japan entered an era of falling birthrates and an aging population. This brought the country face to face with problems such as inequality and labor shortages caused by a decreasing work-age population. Amid the spread of the Internet, ongoing globalization, and dizzying changes in the state of the world, it was called into question how people and organizations should make their presence felt while respecting a diversifying range of values.



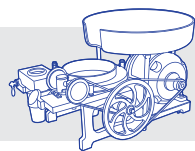
Global Business Expansion

Japanese Technology for the World

The GLORY Group currently conducts direct sales and maintenance in more than 20 countries, and GLORY products are at work in more than 100 countries. Banknote recyclers for tellers are being marketed to financial institutions around the world. These machines deliver a range of benefits: security is enhanced by having cash stored in a safe; counterfeit detection is improved through sophisticated currency authentication; and cash management processes are optimized. Not only do banknote recyclers for tellers speed up customer transactions, they also reduce the number of intra-day vault buy and sells. Furthermore, they reduce the time taken to balance a branch's cash holdings at the start and end of the day. All this means that banks can optimize their costs and offer their customers a better experience.

For emerging economies where large numbers of banknotes are in circulation, GLORY has developed products such as a banknote sorting machine that effectively assesses the authenticity and quality of cash and that also records serial numbers. These and other products improve the reliability of currency and make for accurate management of banknotes in circulation.

GLORY will continue to advance its core technologies in order to contribute to the security of the world's currencies as well as to the continuing betterment of society.



Governance

For details, please visit GLORY's website.
<http://www.glory-global.com/groupinfo/governance/>



Based on its corporate philosophy, GLORY is pursuing sound and efficient business management that earns the trust and support of all stakeholders.

Corporate Governance

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.

Corporate Governance Framework

GLORY adopts an audit and supervisory board system. This means the company's Board of Directors, which includes two outside directors, makes decisions on important matters and oversees business execution, while the Board of Corporate Auditors oversees the actions of the Board of Directors. 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, committees such as the Nomination Advisory Committee and the Compensation Advisory Committee serve to boost transparency and objectivity when making important management decisions.

Corporate Governance Guidelines

To ensure sustainable growth of the GLORY Group and to boost corporate value over the medium and long terms, GLORY formulated the Corporate Governance Guidelines in February 2016. The company is pushing forward with business management in line with these guidelines and is striving to further strengthen its governance system.

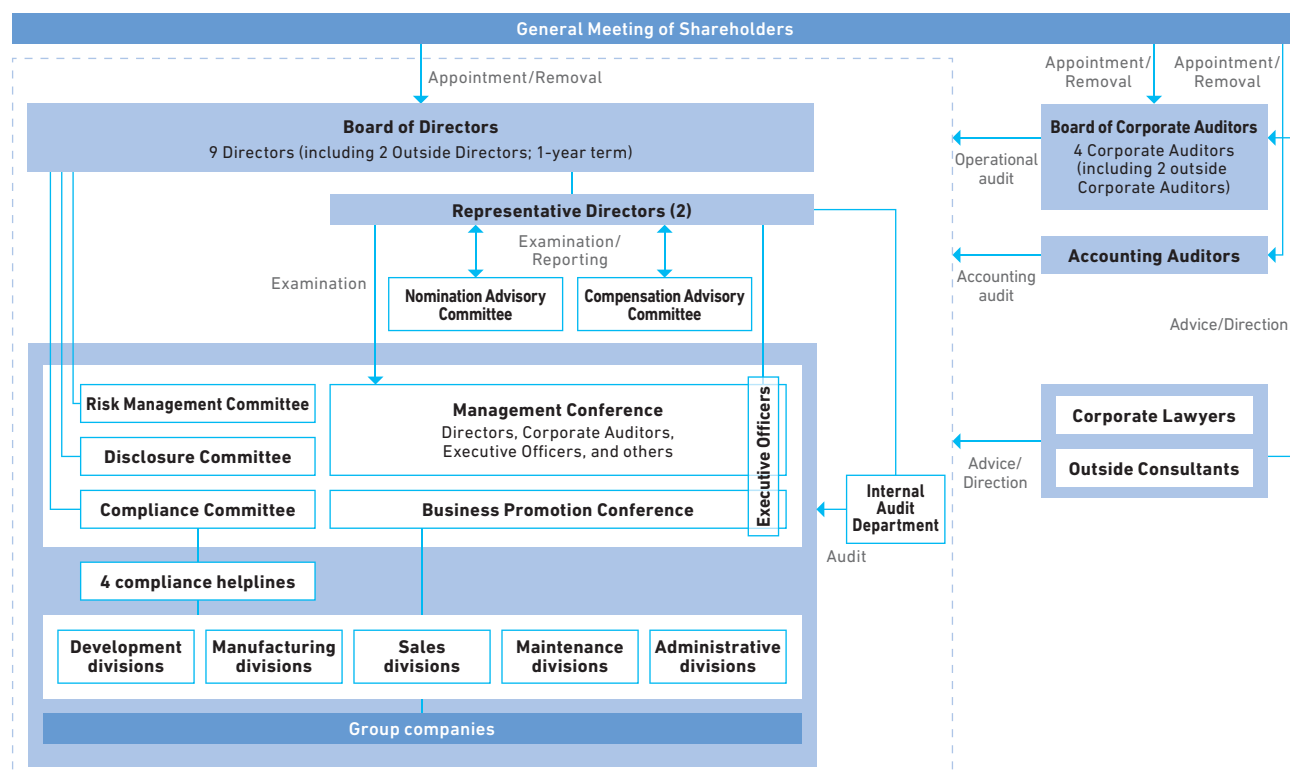
Risk Management

Risk Management Framework

GLORY has a Risk Management Committee, which is chaired by the President. This committee determines the divisions and individuals responsible for each risk item specified in the Risk Management Manual. It implements precautionary measures against risks during normal times and securely maintains a system that can respond promptly in times of crisis. Through such measures, the committee oversees risk management for the entire GLORY Group.

In fiscal year 2015, in response to recent global business expansion, GLORY focused on strengthening risk management for the entire group, including overseas subsidiaries. It focused also on implementing validations to ensure the viability of business continuity plans (BCPs).

Corporate Governance Framework (As of April 1, 2016)



Compliance

GLORY has a Compliance Committee as one way to maintain and improve its compliance framework. This committee—which is chaired by the President and which includes two outside experts (attorneys at law)—deliberates on important compliance-related issues. GLORY also has in place four compliance helplines (including one outside helpline) available to all GLORY Group employees in Japan. These helplines enable GLORY to detect and correct

problems at an early stage, while protecting those seeking consultations.

In addition, GLORY provides education to employees to thoroughly familiarize them with compliance. In fiscal year 2015, GLORY held group training sessions for managers and staff members in the development divisions to ensure thorough control of critical information.

Message from Outside Directors



Hiroki Sasaki
Outside Director

Appointed outside director in June 2008
Chairman, Nomination Advisory Committee
Chairman, Compensation Advisory Committee

On hearing the phrase "corporate governance," one would conventionally think of a defensive process such as preventing corporate scandals. Nowadays, companies need to strike a balance between defense and offense. By "offense" I mean taking an aggressive stance toward continuously boosting corporate value and fulfilling social responsibility, in order to grow further as a global company. To make this point clear, GLORY formulated the Corporate Governance Guidelines in February 2016. Once all board members share a common understanding of these guidelines and the values within them, there remain two duties we outside directors must perform. The first is to determine how GLORY can increase the viability of its policies and measures, and the second is to assess the concrete methods required to achieve those ends.

The key to raising corporate value on an ongoing basis lies in how well we can carry out our medium-to-long-term management plan. This plan embodies a strong commitment to shareholders and all other stakeholders. It calls for the utmost effort aimed at achieving the plan's objectives, and it requires that we confirm the progress being made and implement measures as necessary. The results are to be disclosed in a transparent manner in and outside the company, and we must strive to gain the understanding of stakeholders. All this is to be reflected in future management plans. I want to stress that it is exactly this kind of company—one that can do all of these things in an ongoing manner—that will be able to grow sustainably and boost corporate value.

GLORY has responded to changing times and has steadily put into action governance-related improvements. We have also responded to the expectations of our stakeholders and the trust they have in us as we expand our business. Global competition is becoming ever more intense, but I consider this a golden opportunity for the GLORY Group to renew itself. I will do my best to contribute in any way.



Akira Niijima
Outside Director

Appointed outside director in June 2008
Member, Nomination Advisory Committee
Member, Compensation Advisory Committee

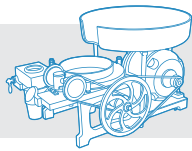
"Corporate governance" may seem like a rather formal or abstract phrase, but I think it essentially boils down to "communication."

Companies in pursuit of raising corporate value must conduct business that takes into account not only their own profit, but also the relationships they have with various stakeholders. By "communication," I mean the way that management relates to stakeholders and how this can have an effect on management. But this applies to all workplaces. When there are effective lines of communication in place, individuals can act on their own initiative, exchange their views openly, and achieve results. If senior management regularly works to foster an environment conducive to such open communication, policies can be communicated smoothly down the line.

The GLORY Group has a very open corporate atmosphere. My hope is that they further enhance this positive environment and take on the challenge of continuously bringing forth products that contribute to the betterment of society, with an unyielding spirit embedded in the company DNA.

In 2012, GLORY acquired Talaris Topco Limited, a UK company. This makes it even more imperative that we communicate with a global perspective. Once we are able to establish a network of communication around the globe and speed up our decision-making, we will be able to become a global corporation with a more powerful competitive edge.

As an outside director, I would like to keep these thoughts in mind as I put my efforts into helping raise the corporate value of GLORY.



Quality Initiatives

For details, please visit GLORY's website.
Quality policy: <http://www.glory-global.com/csr/stakeholder/customer.html>



GLORY provides products and services in a timely manner to win the confidence and satisfaction of customers.

GLORY's Standpoint on Quality

GLORY established its Quality Policy in April 1994. Based on three priority guidelines, the company strives for uniform quality across all manufacturing bases in Japan and overseas. GLORY implements thorough quality control activities in all stages of its business operations—product planning, development, procurement, manufacturing, sales, and maintenance—so that it can respond to customer needs and develop reliable products and services.

All production-related group companies and plants, including the Himeji Factory and the Saitama Factory, have obtained ISO 9001 certification. These facilities all have in place a quality assurance system in line with this international standard for quality management.

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 market needs in advance, develop products that are valuable to customers.
- 2 Establish the quality of products from the earliest stage possible.
- 3 Place importance on customers' first impression of quality and on after-sales services.



High-Quality Overseas Manufacturing

GLORY has set up a global production system that enables the company to manufacture products at the optimal location. To do so, the company takes into account factors such as the procurement methods for parts and materials, the production methods, and the workforce in each country and region where it does business.

Countries around the world have different cultures and market environments. That is why GLORY takes different approaches at its production bases in the Philippines and China. These bases do not simply copy the production system used in Japan. Rather, they adopt a system that makes the most of local production characteristics, while striving for the same level of quality as in Japan. Overseas production bases also communicate closely with GLORY's main factory—the Himeji Factory—to share information on quality and good practices in a timely manner. Such efforts enable GLORY to establish a system for ensuring consistent quality on a global scale.

Ensuring Quality in the Production and Inspection Processes

The optimal production location for GLORY products is determined at the product planning stage. Once an overseas base has been designated for production, all relevant GLORY divisions—including production, development, and quality assurance—



Stringent parts count

work together and communicate closely with local personnel to establish a production method suited to that particular base. Once full-scale production is underway, GLORY strives to maintain consistent quality by keeping a precise count of parts, conducting inspections even more stringent than those in Japan, and other methods. The Himeji Factory's quality assurance division visits overseas factories and regularly conducts quality audits in order to secure high quality.



Quality audit by the quality assurance division

Quality-Focused Human Resource Development

GLORY educates employees in Japan and overseas so that it can produce high-quality products at all of its bases.

Employees of GLORY (PHILIPPINES), INC. have been receiving training at the Himeji Factory in Japan since 2000. Trainees spend a year learning about production techniques, methods to improve quality, and Japanese culture and customs. After returning to their home country, they apply what they have learned to their workplaces and act as team leaders. In fiscal year 2015, four employees came to study in Japan. A total of 76 people so far have undergone this training.



A trainee learns how to mount a part

Customer Response and Support

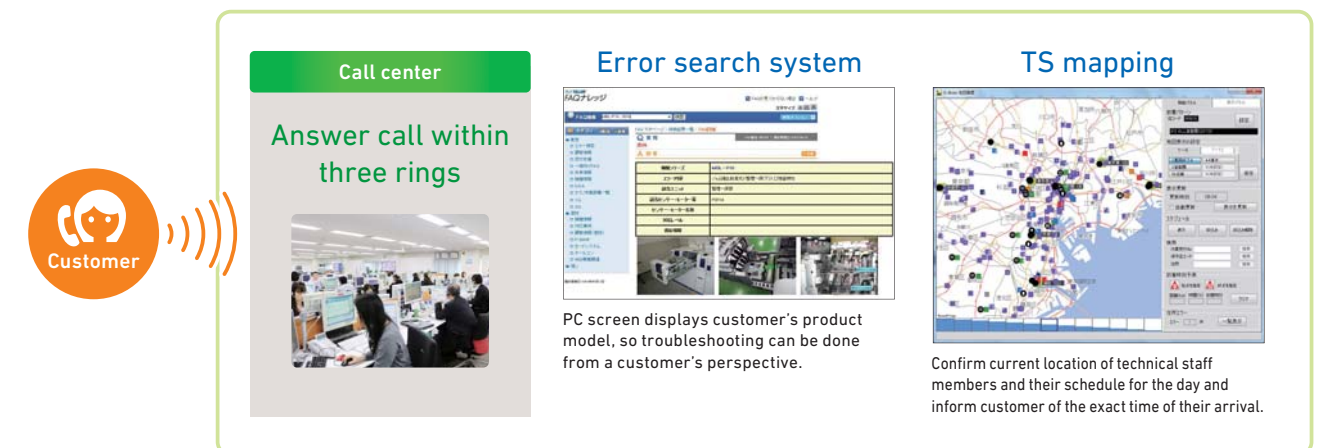
Call Centers in Tokyo and Osaka

GLORY upholds a policy of FAST—"fast, accurate, sincerity, and think"—for its maintenance services. The company strives to provide customers peace of mind, confidence, and satisfaction by always thinking about how to provide service that is fast, accurate, and delivered with sincerity.

All inquiries from customers in Japan related to GLORY products and systems—such as how to operate a product, troubleshooting, and requests for repairs—are handled at call centers run directly by GLORY in Tokyo and Osaka.

Approximately 100 operators are on stand-by at the call

centers at all times. Problems are solved quickly by utilizing a proprietary error search system and a technical staff (TS) mapping function. If a maintenance visit is necessary, the call center relays the inquiry to the maintenance backup staff, following which technical staff members are dispatched to the site. GLORY has roughly 1,000 technical staff members deployed around the country. In this way, GLORY has in place a reliable support system for addressing customer problems as quickly as possible.



Boosting Customer Response Skills

The call centers are making an effort to boost their capability to respond to customer inquiries and provide support so that GLORY can offer faster and more accurate service.

Operators who first handle incoming customer calls are given customized training that matches their individual skills. This helps to ensure smooth communication with customers.

Call Center Tours

GLORY actively offers customers the opportunity to tour the call centers. An explanation of GLORY's entire after-sales support system helps to deepen customers' understanding of the company's after-sales service so that they can use GLORY products with peace of mind. In fiscal year 2015, customers from 79 companies visited the call centers.

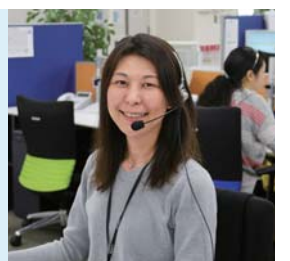
Voice

My Service Quality Group is committed to standardizing call center operations and improving service quality. Each call center holds regular training sessions to boost response skills. By sharing videos of the training, our call centers are able to provide the same high level of service.

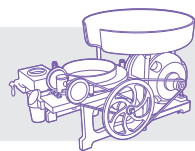
The call centers receive inquiries from customers who are having some kind of

trouble with their products. We place the utmost priority on putting ourselves in the customer's shoes when handling inquiries. We value a sense of *omotenashi* service. This way, when we solve a customer's problem, they can feel happy about using GLORY products.

I will do my best to keep on providing service that will boost customers' peace of mind and satisfaction.



Ayako Yoshida
Service Support Department,
Call Center,
GLORY Techno 24 Co., Ltd.



Human Resource Initiatives

For details, please visit GLORY's website.
<http://www.glory-global.com/csr/stakeholder/employee.html>



GLORY respects every employee as an individual and strives to create an enriching and pleasant work environment.

Fostering Human Resources

Fostering Globally Minded Human Resources

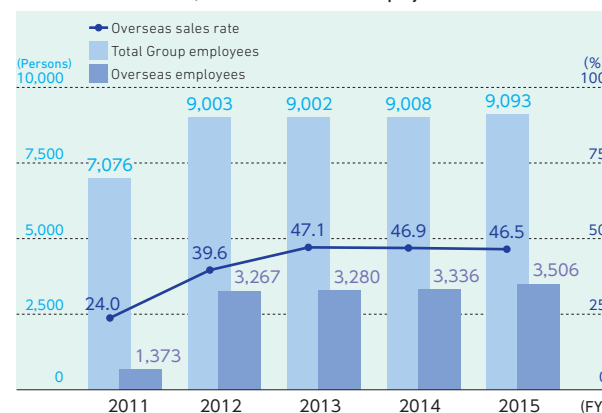
By acquiring UK company Talaris in 2012, GLORY significantly increased both its overseas sales and its employee base. Today, overseas sales account for approximately 47% of GLORY Group consolidated net sales, and overseas employees account for approximately 39% of all Group employees. Given this new group make-up, the company is placing special emphasis on fostering 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 Overseas Trainee Program.

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



Japan Meeting 2016

Overseas sales rate, number of overseas employees



Short-Term Overseas Study Program

This program sends Japanese GLORY employees mainly to the US or the UK for three months to study English and acquire practical business skills. Through their exposure to new cultures, different values, and diverse ways of thinking, participants improve their foreign language abilities and learn to take a global perspective. In fiscal year 2015, five GLORY employees took part in this program.



GLORY employees at an English language school

Overseas Trainee Program

This program sends Japanese GLORY employees to an overseas Group company for one year of on-the-job training aimed at giving them the experience and skills to represent GLORY on the world stage.

By the end of fiscal year 2015, a total of 19 GLORY employees from the development, sales, and other divisions had taken part in this program.



Training at Glory Global Solutions Ltd. (UK)

New Career-Building Initiatives

In fiscal year 2014, GLORY conducted an employee awareness survey to determine the level of employee motivation and the degree of permeation of the corporate philosophy.

In fiscal year 2015, the results of this survey were given to employees and incorporated into human resource measures and personnel systems. The company subsequently launched new initiatives, such as career interviews and the Leadership Challenge Program.

Career Interviews

In fiscal year 2015, GLORY introduced a human resource database system to properly catalog the knowledge and skills that employees have garnered throughout their careers. This data provides the basis for career interviews between bosses and subordinates and makes it easier to chart a career path for employees. The ultimate goal of the interviews is to foster self-sufficient employees who have a clear vision of their future career and who can use their abilities to the fullest to achieve their goals.

Leadership Challenge Program

This program for upper-level full-time employees aims to identify and foster future managers and strengthen their management capabilities. The program helps participants acquire an understanding of the roles of a leader and the communication skills necessary to effectively manage people. It allows them to create blueprints for the type of leader they want to become and to modify their behavior accordingly. In fiscal year 2015, 64 employees took part in this program.



Taking part in the Leadership Challenge Program

Promoting Diversity

GLORY aims to build a workplace where every employee, regardless of gender, nationality, sexual orientation, or disability, can utilize his or her talents to the fullest.

Equal Opportunities for Women

Since fiscal year 2011, GLORY has been focusing on delivering equal opportunities for female employees. Women accounted for 12.5% of all GLORY employees as of the end of fiscal year 2015. In fiscal year 2016, with the enactment of Japan's Act on Promotion of Women's Participation and Advancement in the Workplace, GLORY launched a company-wide action plan with two initiatives: first, to have 20% of new graduate hires in the next three years be women; and second, over the next five years, to double the number of female managers (i.e., those at the rank of section manager or higher).

GLORY Women's College

Since fiscal year 2012, the GLORY Women's College has aimed to help women feel more enthusiastic about their jobs and it has fostered female candidates for managerial positions. The year-round classes raise awareness about career advancement for women. Each year, 10 women are selected for this course, and 40 have so far graduated from it.



A class in the GLORY Women's College

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 conduct duties such as company janitorial work and landscaping, in-house documentation and mail delivery, and waste disposal. As of the end of fiscal year 2015, employees with disabilities accounted for 2.26% of all GLORY Group employees.



GLORY Friendly employees cleaning up a local park

Work-Life Balance

GLORY has in place numerous initiatives aimed at 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.

Work-Life Balance Support Systems

Employees can take advantage of systems that allow them to place equal importance on raising children and doing their jobs. For example, they can shorten their working hours (in 30-minute blocks) to give themselves more time to spend raising their children. This system can be used until employees' children finish third grade at elementary school.

Reducing Long Hours of Work

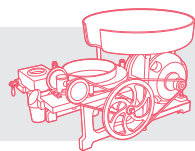
GLORY strives to modify work processes and schedules in order to reduce constant bouts of long work hours. This helps to bolster employees' mental and physical well-being and maintain their motivation for work.

In fiscal year 2015, in an effort to impress upon employees the importance of working efficiently so as to avoid overtime, GLORY increased the number of weekly "no-overtime days" to two days: Wednesday and Friday. And to get employees home early, each GLORY division has its own rules regarding when work finishes and when to turn out the office lights each day.

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 beyond the GLORY Group and throughout the entire supply chain, the company has produced 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 make respect for human rights a cornerstone of its management.



Social Initiatives

For details, please visit GLORY's website.
http://www.glory-global.com/csr/stakeholder/community.html



GLORY will harmonize and advance the interests of the company and of society.
As a good corporate citizen, it will also actively participate in social action programs.

Contributing to Society Through Business Activities

GLORY Cosponsors Expo Milano 2015 Japan Pavilion

From May to October 2015, Expo Milano 2015 was held under the theme, "Feeding the Planet, Energy for Life."

On request from the Japan Pavilion, GLORY provided a smart management system for its Japanese restaurant. Thanks to GLORY's contributions, which included the back office system and the ticket vending machines that accelerated ordering and payment for the pavilion's many visitors, the restaurant was able to operate smoothly and successfully.



Ticket vending machine accepting both euro and yen currencies

Lending Products to the Okinawa Prefectural Police Department

In order to obtain a cash counter to count money confiscated in criminal cases, the Okinawa Prefectural Police Department consulted with the Bank of the Ryukyus, which in turn contacted GLORY. The company subsequently lent the Okinawa Police two banknote counters and five coin counters. In August 2015, GLORY received a letter from the police thanking the company for promptly providing the products, creating special instruction manuals for the police, and helping with delivery.



The letter of appreciation from the Okinawa Prefectural Police Department

Fostering the Next Generation

GLORY Foundation for Elementary School Students

In March 1995, GLORY established the GLORY Foundation for Elementary School Students with the goal of supporting the sound development of young people. Through the foundation, the company conducts sports, arts, and cultural activities that have included hands-on science classes, hands-on classes for parents and children, and children's theater. A cumulative total of 92,000 people have taken part in these activities since the foundation was launched. The foundation also provides financial assistance to organizations that work towards the sound development of elementary school students through activities in sports, science, and culture.

● Hands-on Science Classes

Children work together with GLORY employees and build their own science projects, experiencing firsthand the wonders of science and in the process cultivating their creativity and unique powers of imagination.

In fiscal year 2015 science classes, 200 students from grades three to six tried building their own "Cam-Cam Cars" that applied the principles of the cam mechanism.



Students making Cam-Cam Cars



A finished Cam-Cam Car

● Children's Theater

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

In fiscal year 2015, 3,000 elementary school students and their parents attended performances of the musical *The Cat Who Wished to Be a Man*, presented by the Shiki Theater Company.



Children enjoying the musical

● 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 2015, 93 children and parents were selected by lottery to watch the Shiki Theater Company's performance of *The Lion King* and take a backstage tour. Later that year, in November, a hot-air balloon ride was held. Three hundred children and parents learned how hot-air balloons work and took turns boarding one anchored at a local elementary school.



Before watching *The Lion King*



Participants boarding a hot-air balloon at an elementary school

Other Contributions to Society

Cosponsoring the World Heritage Himeji Castle Marathon 2016

GLORY was a cosponsor of the World Heritage Himeji Castle Marathon 2016 held in February. Fifty GLORY employees volunteered on race day to assist the approximately 6,000 participants running the full marathon.

A number of GLORY employees also took part in the race itself, making a spirited effort to reach the finish line.



GLORY volunteers cheering on the runners

Making Building Blocks from Sustainable Wood

With the goal of protecting the environment and contributing to children's education, 63 employees of GLORY's Saitama Factory used sustainable wood (wood from forest thinning) to make children's building blocks. This activity was conducted with the support of the Lifestyle Research Institute of Forests NPO. Participants painstakingly sanded and polished each building block and donated the 400 finished pieces to a local kindergarten.



GLORY employees making building blocks for donation

Supporting Education in the Philippines

In August 2015, the Technological University of the Philippines held a career symposium at which a GLORY (PHILIPPINES), INC. employee who had graduated from the university gave a career-themed talk to environmental science majors.

The aim of the symposium is to give third-year students a deeper understanding of what to expect after graduation. To this end, university alumni now working in the environmental protection field give talks on the knowledge and experience they have gained in the working world.



A GLORY (PHILIPPINES), INC. employee lecturing at the symposium

Participating in the Table for Two Program

Since 2011, GLORY has had a special menu in its headquarters cafeteria in support of the Table for Two (TFT) program run by NPO Table for Two International. It is said that about one billion people worldwide suffer from hunger and malnutrition, while another one billion suffer from obesity. The TFT program aims to address this imbalance by offering cafeteria patrons healthy meals that prevent lifestyle diseases, while at the same time donating part of the price of each meal to provide school meals in developing countries (Uganda, Rwanda, Malawi, and Ethiopia). This program is popular among employees, since it provides an easy way to make a difference in the world.

In fiscal year 2015, 18,570 school lunches were provided as a result of GLORY's TFT program, bringing the total since 2011 to 57,566 school lunches.



The TFT menu changes on a daily basis

Bone Marrow Donor Registration Days

In October 2015, donor registration days for the German Bone Marrow Donor Center (DKMS) took place at Glory Global Solutions (Germany) GmbH. In keeping with the motto, "Save a life," over 30 employees participated in the campaign and had themselves tissue typed.



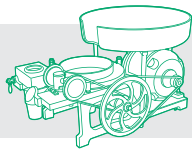
At a bone marrow donor registration day

Supporting Children of the Sahara Desert

Employees of Glory Global Solutions (Spain) S.A. and other companies in the Glory Global Solutions Group in seven countries gathered items that they donated to children of nomadic tribes living in the Sahara Desert. Items included bicycles, clothing, and books in various languages.



Glory Global Solutions employees with items for donation to children in the Sahara Desert



Environmental Initiatives

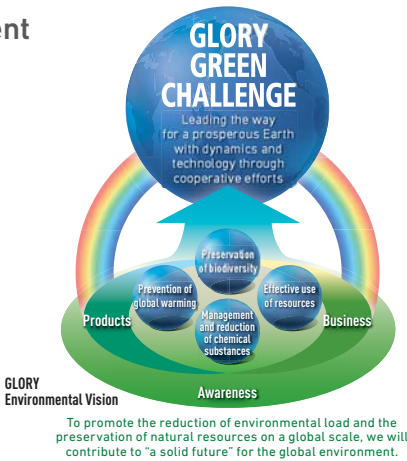
For details, please visit GLORY's website.
<http://www.glory-global.com/csr/environment/>



The entire GLORY Group works to protect the environment under the GLORY Environmental Vision.

To create a sustainable society, the GLORY Group has formulated an environmental vision with three areas of focus: products, business, and awareness. The vision's top priorities are the prevention of global warming, the management and reduction of chemical substances, the effective use of resources, and the preservation of biodiversity.

Based on this vision, GLORY has formulated the 2017 Medium-Term Environmental Plan, a three-year plan starting in April 2015 as a group-wide environmental effort.



Developing Environmentally Friendly Products

The GLORY Group develops environmentally friendly products that minimize environmental impact throughout the product lifecycle.

The DSS-500 coin and banknote deposit machine for supermarkets, restaurants, and specialty shops—a GLORY G-Eco product* developed in fiscal year 2015—consumes approximately 33% less electricity than its predecessor product. It is also 92% recyclable.



Environmentally Friendly Maintenance Products

GLORY's Recycle Jet compressed air duster is used to remove dust and other contamination from electronics and precision machinery in an environmentally friendly manner. Rather than using chlorofluorocarbon (CFC) alternatives, the Recycle Jet is filled with CO₂ injection gas recovered as an industrial by-product. This gives it a global warming potential just 1/1,430th that of existing products—in other words, it has a minimal global warming effect. In addition, its reusable cylinder contributes to minimizing waste materials.

GLORY also has a recycling scheme that makes use of a

nationwide network of more than 100 service locations. Technical staff collect used cylinders during routine maintenance work, and these cylinders are then sent to affiliated facilities to be refilled with injection gas.

These efforts were recognized when GLORY received an excellence award at the 18th Grand Prix Contest for Ozone Layer Preservation & Global Warming Prevention, sponsored by the Nikkan Kogyo Shimbun, Ltd.



Cleaning equipment with a Recycle Jet

Voice

The mission of our company department is to lead group-wide environmental activities. We use GLORY's Recycle Jet compressed air duster for three reasons. First, the product reduces CFCs. We hadn't thought about CFCs in compressed air dusters until GLORY showed us its product. The Recycle Jet also makes it easier for us to calculate the amount of CFC emissions we are reducing; since the product is filled only with CO₂, the amount that's used equals the amount of CFCs that we don't use.

Second, the reusable cylinders mean that using the Recycle Jet contributes to a zero-waste society. Third, it's extremely safe. CO₂ is non-flammable, so it won't ignite a flame; plus, it's harmless even if accidentally inhaled.

Our company will continue to use environmentally friendly products like GLORY's Recycle Jet to reduce our impact on the environment.



Masamichi Okano
Assistant Manager,
Global Environmental
Management Department,
Shimadzu Corporation

GLORY's New Factory Built to Be Green

GLORY's rebuilt Himeji Factory became operational in September 2015. The goal was to amalgamate divisions such as parts processing, sheet-metal processing, and assembly, thus strengthening functions for the development of production technologies.

The new factory was designed to be green. It has a ventilation tower (an "eco void") that promotes gravitational ventilation. Air is ventilated naturally and efficiently when the windows on each floor are opened and closed. The factory also has a solar power system and LED lighting.

The site of the former Himeji Factory has been made into a company outdoor rest area where employees can relax and chat while surrounded by trees and flowers.



The new Himeji Factory and the company outdoor rest area

Preserving Biodiversity

Since fiscal year 2011, GLORY has strived to protect and maintain biodiversity through initiatives such as the GLORY Yumesaki Forest (Himeji City, Hyogo Prefecture) and forest conservation activities in the mountains of Nagano Prefecture.

In fiscal year 2015, a biological survey was conducted in the Yumesaki Forest. Results confirmed the existence of 10 species designated as precious by the prefectural authorities, including the *kayakorogi* cricket (*Euscyrtus japonicus*) and the Japanese green woodpecker (*Picus awokera*). Since fiscal year 2007, GLORY Engineering Ltd., a GLORY group company, has been taking part in an annual tree-planting event in the forests of Takao near Tokyo.

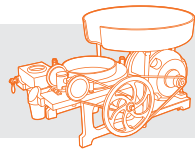


A forest conservation activity

A *kayakorogi* cricket, a precious species

2017 Medium-Term Environmental Plan, Fiscal Year 2015 Results

Activity Areas	Activity Themes	2017 Medium-Term Environmental Targets	Fiscal Year 2015 Targets	Fiscal Year 2015 Results
Products Development of environmentally friendly products	Prevention of global warming	Reduce CO ₂ emissions compared with previous models by at least 15% (average across all new products)	Reduce by at least 15% (for products developed in fiscal year 2015)	Reduced by average of 27% (target achieved for 5 of 7 models)
	Management and reduction of chemical substances	Make all new products RoHS compliant	Comply with all relevant laws	RoHS Directive: Confirmed compliance of new parts for EU-bound products
	Effective use of resources	Reduce CO ₂ emissions during parts manufacturing by at least 10%	Reduce by at least 3% (for products developed in fiscal year 2015)	REACH Regulation: Surveyed SVHC amounts. Confirmed non-usage of restricted substances
Business Reduction of environmental impact from business activities	Prevention of global warming	Have environmentally friendly products account for at least 55% of sales Reduce annual per-unit energy consumption by 1% (base year: fiscal year 2010)	At least 45% of sales Reduce annual average by 1%	Accounted for 51.1% of sales Reduced annual average by 2.6%
	Management and reduction of chemical substances	Strictly manage chemical substances on a global scale	Ascertain current situation Formulate plan	Conference held with overseas group companies Confirmed details of method for managing chemical substances
	Effective use of resources	Reduce annual volume of waste generated by 1% (base year: fiscal year 2010)	Manage control limits	Reduced annual volume of waste generated by average of 1.7%
Awareness Raising environmental awareness	Preservation of biodiversity	Increase the contribution that the GLORY Yumesaki Forest makes to biodiversity preservation (continue botanical surveys and improve management criteria)	Plant 20 trees Thin 1 ha of forest Conduct biological survey	Carried out forest conservation and maintenance activities on April 4 (20 trees planted, 1 ha of forest thinned) Held nature experience event for employee families on October 17 Conducted biological surveys on September 25 and 26 (confirmed existence of 10 species designated as precious by prefectural authorities) Kanto area: Held cleanup on banks of Arakawa River, Tokyo; conducted forest conservation activities in Saku, Nagano Prefecture; donated building blocks made from sustainable wood to kindergarten
		Cooperate with stakeholders to preserve biodiversity	Formulate plan Carry out plan	Himeji: Held nature experience event for employee families (2 families of GLORY suppliers also participated) Kanto area: Conducted forest conservation activities in Nagano Prefecture (10 employees of GLORY suppliers also participated); made building blocks from sustainable wood
		Develop environment-related action programs on a global scale	Ascertain current situation Formulate plan	Conducted a questionnaire survey of overseas group companies Overseas group companies conducted forest conservation activities and community cleanups



Stakeholder Dialogue

GLORY communicates with stakeholders and strives for appropriate information disclosure.

Dialogue with Customers

GLORY takes the opportunity to introduce the GLORY Group's products and services to customers in Japan and around the world and to hold dialogues with them.

In Japan, the company holds GLORY Presentation Fairs and other private exhibitions, while also taking part in major trade shows such as Retail Tech Japan and the International Modern Hospital Show. Overseas, GLORY participates in EuroCIS in Germany, Global Gaming Expo (G2E) in the US, CIFTTE in China, and others.

GLORY also invites its customers to the Himeji and Saitama factories, so they can see the production sites for themselves. This gives them a deeper understanding of the company's production system and quality control.



GLORY Presentation Fair 2015



At an overseas trade show

Dialogue with Shareholders and Investors

GLORY strives to build long-term relationships of trust with its shareholders and investors. To this end, the company engages them in constructive dialogue to deepen their understanding of GLORY's management policy and business activities. It also works to increase management transparency through timely, accurate, and fair information disclosure. In fiscal year 2015, GLORY hosted a showroom tour after the general meeting of shareholders. On other occasions during the year, it held financial results briefings for institutional investors and company briefings for individual investors.

The GLORY corporate website has a special section for shareholders and investors. Here, quarterly financial reports, shareholder reports, annual reports, and other materials are disclosed in a timely manner for the convenience of shareholders and investors.



Showroom tour for shareholders



Company briefing for individual investors

Dialogue with Business Partners

Suppliers are important partners that enable GLORY to consistently manufacture high-quality products, and it is vital that a system of cooperation is in place. To this end, GLORY has been holding annual Supplier Conferences in Japan, where the company explains its current situation and strategies. This is part of an effort to build relationships of trust that allow GLORY and its suppliers to share the common goal of achieving a sustainable society. In fiscal year 2015, a Supplier Conference was held at GLORY (PHILIPPINES), INC. (GPI), the company's factory in the Philippines. This was the first such conference held overseas.

GLORY also holds Quality Improvement Activity Workshops where suppliers present their quality improvement initiatives. This event enables suppliers to share information on best practices.



Supplier Conference



Factory tour for GPI suppliers

Dialogue with Employees

Since fiscal year 2012, GLORY has held meetings in which the president and other senior executives provide updates to employees. The president explains the company's philosophy and the state of its business, while senior executives and employees build mutual understanding through dialogue. The goal of these meetings is to enhance employees' sense of involvement in business management and to boost their motivation. In fiscal year 2015, these meetings were held at 12 locations throughout Japan.

GLORY senior executives also frequently visit Group companies and interact with employees there. This helps to foster a sense of unity throughout the GLORY Group.



Meeting with the president (at the Himeji Head Office)

Third-Party Opinion

Business Activities on the Same Axis as Social Initiatives

The *GLORY CSR Report 2016* clearly expresses the commitment of top management towards CSR. That is, it indicates that social initiatives are on the same axis as the corporate philosophy of "contributing to the development of a more secure society." The report also demonstrates GLORY's dedication to implementing worldwide measures to support the 10 principles of the United Nations Global Compact.

Special Report 1 outlines value chain CSR initiatives categorized by stakeholder type. As an integrated organization that can handle everything from planning and development to product maintenance, GLORY can tackle CSR issues across the entire value chain. For example, material flow cost accounting enables GLORY to implement improvement measures throughout the value chain. This enables the company to address CSR issues and reduce costs at the same time. Special Report 2 outlines the contributions that GLORY products have made to society over the years. These pages tell the story of how GLORY began developing its own products and how it grew as a company by innovating its core technologies and expanding its business globally.

The integrity of this year's CSR report can be seen in its coverage of GLORY's continuing efforts in the areas of governance, quality, human resources, social initiatives, environmental protection, and stakeholder dialogue. The report's reliability is apparent, owing to its clarity, completeness, and neutrality—the latter enhanced by the inclusion of comments by stakeholders from outside the company. The sincerity of GLORY's environmental efforts is epitomized by the fact that KPIs (key performance indicators) are disclosed alongside medium-term environmental targets, annual objectives, and results. As a good corporate citizen, GLORY encourages its employees to actively participate in various social action programs.

The Corporate Governance Guidelines formulated in February 2016 include a clause on CSR and sustainability. Readers can see GLORY's stance on ensuring transparency and raising corporate value by strengthening governance. Employees collectively strive to follow the Corporate Action Guidelines and put into practice the company's corporate philosophy and



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management creed, all while valuing the culture, history, and experience that the company has accumulated as a good corporate citizen.

100th Anniversary and Beyond

In anticipation of its centennial in 2018, GLORY formulated the Long-Range Vision 2018. This long-term policy has the goal of "seeking sustained corporate growth together with society through CSR activities." With overseas sales accounting for nearly 50% of total sales, GLORY needs globally minded personnel and effective strategies for newly emerging countries. Against this background, CSR can serve as a kind of soft law. It can help avoid conflicts of values, aid in the search for solutions, and expand opportunities for business. While valuing CSR, the GLORY Group is clearly striving to achieve sustainability both for itself and for society.

In the future, I would like to see GLORY formulate a medium-to-long-term strategy that allows it to seamlessly link KPIs in CSR with KPIs for raising corporate value. Such a strategy would be based on identifying material issues, a process that GLORY is currently undertaking. I would also like to see concrete action plans and KPI progress management. I look forward to seeing what changes GLORY will generate by integrating its core business with CSR and by using its technological strengths and ability to offer superb solutions.

GLORY's Response

GLORY sincerely thanks Professor Saka for her valuable remarks regarding our CSR efforts.

For the GLORY Group, fulfilling CSR means practicing the ideals of our corporate philosophy in all places of work and, in our daily activities, putting into action our desire to be a good corporate citizen. We are most encouraged by Professor Saka's use of words such as "integrity," "reliability," and "sincerity" to praise our efforts—efforts that often go unnoticed by those outside the company. Her suggestion of utilizing CSR as a soft law to help expand global business

operations is something we would definitely like to incorporate into our future activities.

GLORY will keep up its efforts in integrating our core business with CSR, so that we can contribute to the development of a society with greater collective peace of mind. We will also continue in an appropriate manner to disclose to all stakeholders information on our business and CSR activities.



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We Secure the Future

Cover:

GLORY produced Japan's first coin counter, which was recognized as a Mechanical Engineering Heritage in 2015. For more details, see Special Report 2 on pages 9 and 10 of this report.



This is our **Communication on Progress** in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback on its contents.