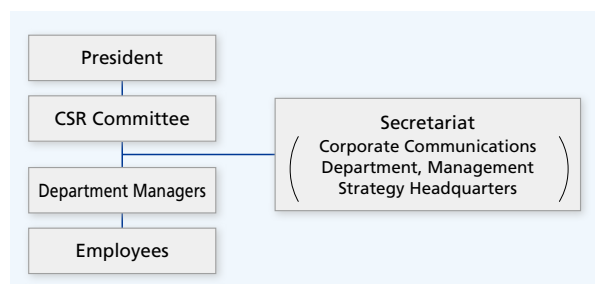# Glory's CSR

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

```
President
    |
CSR Committee ─────── Secretariat
    |                  Corporate Communications
Department Managers    Department, Management
    |                  Strategy Headquarters
Employees
```

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.

WE SUPPORT
UN GLOBAL COMPACT

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

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.
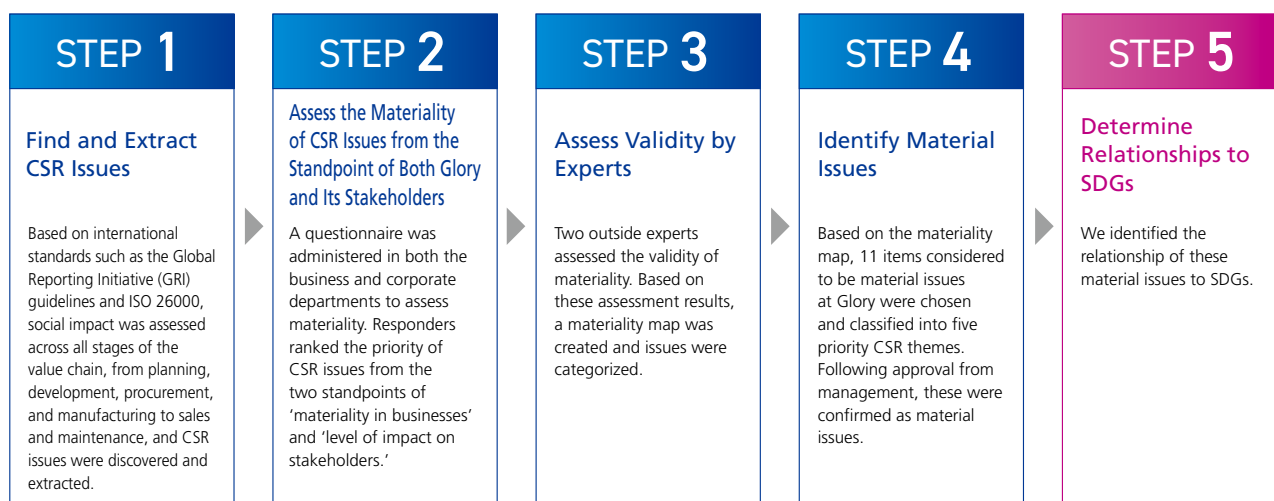
Stakeholder Engagement

Glory openly communicates with stakeholders and discloses appropriate information.

Stakeholders	Principal Engagement Opportunities	
Customers	When Glory introduces products and solutions in Japan or other parts of the world, it uses these occasions to communicate directly with customers. • Daily sales activities • Call Centers • Visits for maintenance • Exhibitions • Showroom tours • Factory tours • Glory's official website	 Participating in Equipmag 2018, the largest trade show for retailers in France.
Business Partners	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. • Customary purchasing activities • Supplier Conferences • Quality Conferences • Quality Improvement Activity Workshops • Quality Policy Briefings for Suppliers • Visits to business partners	 Quality Improvement Activity Workshop
Shareholders and Investors	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. • 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	 Showroom tour for shareholders following the general meeting of shareholders
Employees	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. • 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	 President's site visit
Local Communities	As a good corporate citizen, Glory actively participates in social contribution and environmental protection activities around the world. • 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	 Participating in a tree-planting event

Glory's CSR

Glory's CSR Material Issues

Process for identifying CSR material issues and their relationship to SDGs

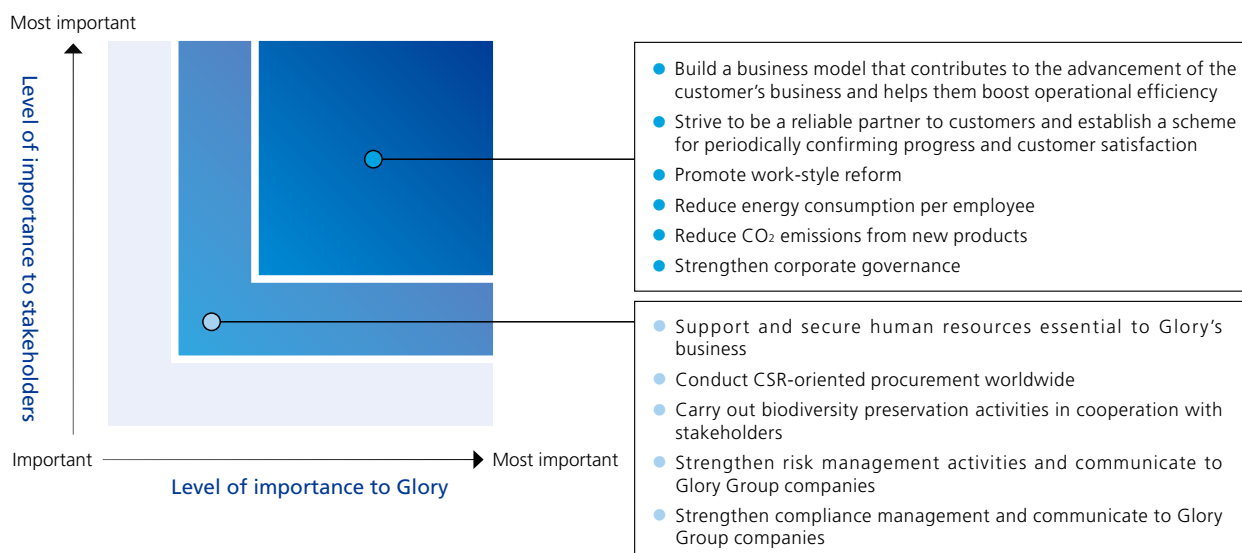We identified priority material issues based on the following process and identified the relationship of these material issues to SDGs.

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Find and Extract CSR Issues	**Assess the Materiality of CSR Issues from the Standpoint of Both Glory and Its Stakeholders**	**Assess Validity by Experts**	**Identify Material Issues**	**Determine Relationships to SDGs**
Based on international standards such as the Global Reporting Initiative (GRI) guidelines and ISO 26000, social impact was assessed across all stages of the value chain, from planning, development, procurement, and manufacturing to sales and maintenance, and CSR issues were discovered and extracted.	A questionnaire was administered in both the business and corporate departments to assess materiality. Responders ranked the priority of CSR issues from the two standpoints of 'materiality in businesses' and 'level of impact on stakeholders.'	Two outside experts assessed the validity of materiality. Based on these assessment results, a materiality map was created and issues were categorized.	Based on the materiality map, 11 items considered to be material issues at Glory were chosen and classified into five priority CSR themes. Following approval from management, these were confirmed as material issues.	We identified the relationship of these material issues to SDGs.

Targets and Results

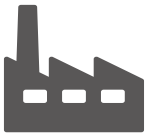|	Priority CSR Themes	Material Issues	Targets for Fiscal Year 2018
Creating new value	New value creation through business	● Build a business model that contributes to the advancement of the customer's business and helps them boost operational efficiency	● Create solutions based on diverse data
		● Strive to be a reliable partner to customers and establish a scheme for periodically confirming progress and customer satisfaction	● Select model customers and periodically review
Society	Human resource initiatives	● Promote work-style reform	● Implement and verify new ways of working ● Boost operational efficiency
		● Support and secure human resources essential to Glory's business	● Offer job-level-specific training and support candidates who can lead the company in the future
	Promotion of CSR in the supply chain	● Conduct CSR-oriented procurement worldwide	● Continue to use the CSR voluntary checklist and work to improve assessment scores ● Spread activities to overseas sites
Environment	Environmental protection	● Reduce energy consumption per employee	● Reduce energy consumption per employee by 1% (base year: fiscal year 2010)
		● Reduce CO_2 emissions from new products	● Improve energy efficiency of newly developed products by at least 15% compared to previous models
		● Carry out biodiversity preservation activities in cooperation with stakeholders	● Carry out 100% of activities planned for this fiscal year
Governance	Strengthening of governance	● Strengthen corporate governance	● Conduct activities in line with the Corporate Governance Guidelines
		● Strengthen risk management activities and communicate to Glory Group companies	● Conduct risk management from a global perspective and communicate activities to Glory Group companies
		● Strengthen compliance management and communicate to Glory Group companies	● Conduct job-level-specific compliance education and strengthen collaboration with Glory Group companies

Materiality Map

Most important

Level of importance to stakeholders

Important → Most important

Level of importance to Glory

- Build a business model that contributes to the advancement of the customer's business and helps them boost operational efficiency
- Strive to be a reliable partner to customers and establish a scheme for periodically confirming progress and customer satisfaction
- Promote work-style reform
- Reduce energy consumption per employee
- Reduce CO_2 emissions from new products
- Strengthen corporate governance

- Support and secure human resources essential to Glory's business
- Conduct CSR-oriented procurement worldwide
- Carry out biodiversity preservation activities in cooperation with stakeholders
- Strengthen risk management activities and communicate to Glory Group companies
- Strengthen compliance management and communicate to Glory Group companies

Results for Fiscal Year 2018	Targets for Fiscal Year 2019	Relevant SDGs
• 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	• Create solutions based on diverse data	8 9 11 12
• Selection of "model customers," quarterly review meetings (July, September, November, March)	• Select model customers and periodically review	8 12 17
• 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	• Implement and verify new ways of working	5 8 10
• Implementation of Glory Business College training for future executives (total of seven programs)	• Offer job-level-specific training and support candidates who can lead the company in the future	4 5 8 10
• 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	• Continue to use the CSR voluntary checklist and work to improve assessment scores • Spread activities to overseas sites	8 10 12 17
• Annual average energy consumption per employee reduced by 2.2% (base year: fiscal year 2010)	• Reduce energy consumption per employee by 1% (base year: fiscal year 2010)	13
• Average reduction of 16.1% (targets achieved for 14 out of 32 models, which were approved as G-Eco products)	• Improve energy efficiency of newly developed products by at least 15% compared to previous models	7 12 13

• 100% achievement ratio for yearly plans
Himeji: Glory Yumesaki Forest
    - 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)
    Forest conservation activity (54 participants, including three from one supplier)
    Arakawa riverside in Tokyo
    - Riverside clean-up project (28 participants)
	• Carry out 100% of activities planned for this fiscal year	14 15

• 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	• Conduct activities in line with the Corporate Governance Guidelines	16
• Risk assessment using a standard Group assessment method • Implementation of countermeasures against significant risks	• Conduct risk management from a global perspective and communicate activities to Glory Group companies	16
• 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	• Conduct job-level-specific compliance education and strengthen collaboration with Glory Group companies	10 16

Glory's CSR

Major CSR Initiatives in the Value Chain

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

Value Chain

Planning	Development	Procurement

Planning

Glory continues to take the challenges of addressing social issues by delivering products and solutions that provide value to customers.

Development

As a development-oriented company, Glory is working to create new value that exceeds the expectations of customers as well as society.

Procurement

Besides carrying out fair and open purchasing and ensuring stable procurement, Glory incorporates CSR throughout its entire supply chain.

Major Initiatives for Each Stakeholder

Planning

`Customers`
- Create new value and solutions
- Plan products that match customer needs

Product lineup

Approx. *950*

`Customers` `Global environment`
- Plan environmentally friendly products

`Global environment`
- Map out the product life cycle

`Employees`
- Develop global human resources

Development

`Customers`
- Swiftly develop products that match customer needs
- Ensure quality
- Incorporate universal design
- Develop products utilizing new technologies

R&D sites

11 sites in *7* countries

R&D investment

Approx. *13.2* billion yen (consolidated)

Number of patents, utility models, and designs owned by Glory

2,053 (consolidated)

`Customers` `Global environment`
- Develop environmentally friendly products

G-Eco products

Developed *14* models

`Employees`
- Promote a work-life balance
- Provide education to improve employee skills

Procurement

`Customers`
- Ensure quality and pursue appropriate, competitive pricing

`Business partners`
- Promote CSR-oriented procurement in unison with suppliers
- Strengthen partnerships with suppliers
- Respect human rights within the supply chain

Response rate of the CSR voluntary checklist

Approx. *96* % (GLORY LTD.)

100 % (GLORY Products Ltd.)

Number of companies participating in Supplier Conferences

170 (GLORY LTD.)

62 (GLORY (PHILIPPINES), INC.)

97 (GLORY Denshi Kogyo (Suzhou) Ltd.)

`Global environment`
- Promote green procurement
- Preserve biodiversity

Environmental Impact

Energy-induced CO_2 emissions *15,135* t-CO_2 (9.5% decline over previous fiscal year)

CO_2 emissions from parts and materials procured

Scope 3, Category 1

179,946 t-CO_2

(2.1% increase over previous fiscal year)

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 CO_2 emissions: approx. 30,000 t)

Employees

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

Scope 1   **Scope 2**

CO_2 emissions from product usage
199,684 t-CO_2 Scope 3, Category 11   7.8% increase over previous fiscal year

CO_2 emissions from transportation and shipping
13,210 t-CO_2 Scope 3, Category 4   +0.5% increase over previous fiscal year

CO_2 emissions from product disposal
Scope 3, Category 12
2,645 t-CO_2
(0.5% increase over previous fiscal year)