

## Third-Party Opinion



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

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

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

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

### Glory's Response

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

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

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

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

Although there has been some progress in environmental initiatives and information disclosure, "energy consumption per employee" as a KPI for operating hours does not necessarily indicate a contribution to the Paris Agreement and SDGs, which require reductions in total CO<sub>2</sub> emissions. On the other hand, environmentally sound product development merits recognition, and Glory has set a long-term goal of reducing CO<sub>2</sub> emissions associated with Scope 3, the use of products, by 30% from the 2005 level. This goal is comparable to a KPI.

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

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

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

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



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