

Glory's CSR

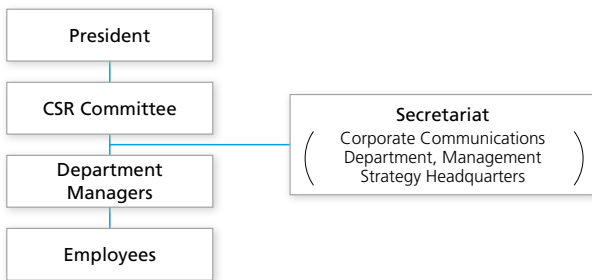
Basic Philosophy

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

CSR Promotion Framework

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

CSR Promotion Framework



CSR Education

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

And in fiscal year 2019, we invited outside experts to hold a seminar on ESG for relevant departments.



Guidelines of GLORY handbook

United Nations Global Compact

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



The Ten Principles of the United Nations Global Compact

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

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

Contribution to Achieving the Sustainable Development Goals (SDGs)

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

SUSTAINABLE DEVELOPMENT GOALS



Stakeholder Engagement

Glory openly communicates with stakeholders and discloses appropriate information.

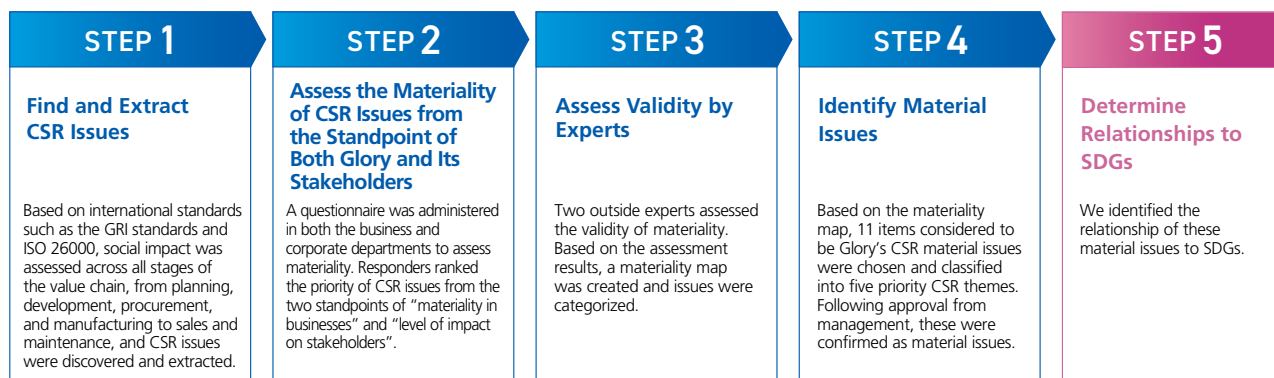
Stakeholders	Principal Engagement Opportunities	
<p>Customers</p> 	<p>When Glory introduces products and solutions in Japan or other parts of the world, it uses these occasions to communicate directly with customers.</p> <ul style="list-style-type: none"> • Daily sales activities • Call Centers • Visits for maintenance • Exhibitions • Showroom tours • Factory tours • Glory's official website 	 <p>Participating in Euro Shop 2020, the largest trade show for retailers in Germany</p>
<p>Business Partners</p> 	<p>Suppliers are key partners that enable Glory to consistently manufacture high-quality products, and therefore the establishment of a system for cooperation is vital. The Glory Group focuses on maintaining trusting relationships that allow the Group and its suppliers to share the common goal of achieving a sustainable society.</p> <ul style="list-style-type: none"> • Customary purchasing activities • Supplier Conferences • Quality Conferences • Quality Improvement Activity Workshops • Quality Policy Briefings for Suppliers • Visits to business partners 	 <p>Quality Improvement Activity Workshop</p>
<p>Shareholders and Investors</p> 	<p>Glory seeks to maintain long-term trusting relationships with shareholders and investors. To this end, it engages in constructive dialogue to deepen the understanding of Glory's management policies and business activities. It also improves management transparency through prompt, accurate, and fair information disclosure.</p> <ul style="list-style-type: none"> • General meeting of shareholders • Financial results briefings • Conference calls • Visits to institutional investors • Small meetings • Showroom tours, factory tours • Briefings for individual investors • IR section of the Glory website 	 <p>Showroom tour for shareholders following the general meeting of shareholders</p>
<p>Employees</p> 	<p>Senior executives closely interact with employees to enhance their sense of involvement in business management, boost motivation, and foster a sense of unity across the Glory Group.</p> <ul style="list-style-type: none"> • Meetings with the president, president's site visit • Group company visits • Labor-management consultation • Employee awareness surveys • Goals/career interviews • Various training and educational programs • In-house newsletter • Intranet 	 <p>President's site visit</p>
<p>Local Communities</p> 	<p>As a good corporate citizen, Glory actively participates in social contribution and environmental protection activities around the world.</p> <ul style="list-style-type: none"> • Fostering the next generation through the GLORY Foundation for Elementary School Students • Supporting the promotion of sports • Programs to support developing countries • Forest conservation, tree-planting, and clean-up activities • Nature appreciation events • Collaboration with NPOs 	 <p>Participating in a riverbed cleanup activity (Philippines)</p>

Glory's CSR

Glory's CSR Material Issues

Process for identifying CSR material issues and their relationship to SDGs

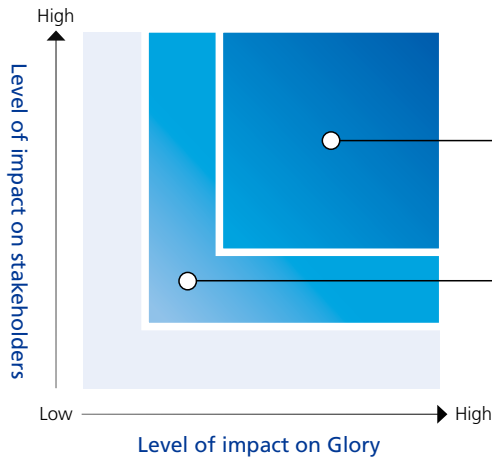
We identified priority material issues based on the following process and identified the relationship of these material issues to SDGs.



CSR Material Issues

	Priority CSR Themes	Material Issues	Targets for Fiscal Year 2019
Creating new value	New value creation through business	<ul style="list-style-type: none"> Build a business model that contributes to the advancement of customers' business and helps them boost their operational efficiency 	<ul style="list-style-type: none"> Build solutions using diverse data
		<ul style="list-style-type: none"> Aim to be a reliable partner to customers, and establish a scheme for periodically confirming progress and customer satisfaction 	<ul style="list-style-type: none"> Select model customers and periodically review
Environment	Environmental protection	<ul style="list-style-type: none"> Reduce energy consumption per employee 	<ul style="list-style-type: none"> Reduce energy consumption per employee by 1% (base year: fiscal year 2010)
		<ul style="list-style-type: none"> Reduce CO₂ emissions from new products 	<ul style="list-style-type: none"> Improve energy efficiency of newly developed products by at least 15% compared to previous models
Society	Human resource initiatives	<ul style="list-style-type: none"> Promote work-style reform 	<ul style="list-style-type: none"> Implement and verify new ways of working
		<ul style="list-style-type: none"> Support and secure human resources essential to Glory's business 	<ul style="list-style-type: none"> Offer job-level-specific training and support candidates who can lead the company in the future
	Promotion of CSR in the supply chain	<ul style="list-style-type: none"> Conduct CSR-oriented procurement worldwide 	<ul style="list-style-type: none"> Continue to use the CSR voluntary checklist, and work to improve assessment score Spread activities to overseas sites
Governance	Strengthening of governance	<ul style="list-style-type: none"> Strengthen corporate governance 	<ul style="list-style-type: none"> Conduct activities in line with the Corporate Governance Guidelines
		<ul style="list-style-type: none"> Strengthen risk management activities and communicate to Glory Group companies 	<ul style="list-style-type: none"> Conduct risk management from a global perspective and communicate activities to Glory Group companies
		<ul style="list-style-type: none"> Strengthen compliance management and communicate to Glory Group companies 	<ul style="list-style-type: none"> Conduct job-level-specific compliance education, and strengthen collaboration with Glory Group companies

Materiality Map



- Build a business model that contributes to the advancement of customer's business and helps them boost their operational efficiency
- Aim to be a reliable partner to customers, and establish a scheme for periodically confirming progress and customer satisfaction
- Reduce energy consumption per employee
- Reduce CO₂ emissions from new products
- Promote work-style reform
- Strengthen corporate governance

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

Results for Fiscal Year 2019	Targets for Fiscal Year 2020	Linkage to SDGs
<ul style="list-style-type: none"> • Provision of a prescription input support system based on OCR technology for insurance pharmacies • Demonstration of a biometric payment service using a combination of facial recognition and speech recognition for the practical application of personal authorization platform • Demonstration of the application, "Rejitomo," a service that aggregates cash register sales through the use of a smartphone • Trial launch for the commercialization of store business support application, "Shoppers Cloud" 	<ul style="list-style-type: none"> • Implementing external proof of concept (PoC) for the facial recognition payment system • Provide electronic know your customer (eKYC) solutions 	8 9 11 12
<ul style="list-style-type: none"> • Support for store reform by analyzing customer and employee behavior through the use of AIBeacon at model customers' experimental stores 	<ul style="list-style-type: none"> • Conduct regular reviews with model customers based on big data analysis 	8 12 17
<ul style="list-style-type: none"> • Annual average energy consumption per employee reduced by 2.2% (base year: fiscal year 2010) 	<ul style="list-style-type: none"> • Reduce energy consumption per employee by 1% (base year: fiscal year 2010) 	13
<ul style="list-style-type: none"> • Average reduction of 11.1% (targets achieved for 7 out of 14 models, which were approved as G-Eco products) 	<ul style="list-style-type: none"> • Improve energy efficiency of newly developed products by at least 15% compared to previous models 	7 12 13
<ul style="list-style-type: none"> • 100% achievement ratio for yearly plans <ul style="list-style-type: none"> Himeji: Glory Yumesaki Forest <ul style="list-style-type: none"> - Forest conservation activity (82 participants, including six from one supplier) - Nature experience event for families (82 participants including nine from one supplier) Kanto area: Kamikawa in Hachioji, Tokyo (designated greenery conservation area) <ul style="list-style-type: none"> - Forest conservation activity (53 participants, including five from one supplier) - Arakawa riverside in Tokyo - Riverside clean-up project (21 participants) 	<ul style="list-style-type: none"> • Carry out 100% of activities planned for this fiscal year 	14 15
<ul style="list-style-type: none"> • Introduction of teleworking (mobile work, working at home) • Trial of the flextime system 	<ul style="list-style-type: none"> • Implement and establish new ways of working • Further promote of health management 	5 8 10
<ul style="list-style-type: none"> • Implementation of Glory Business College training for future executives (total of seven programs) 	<ul style="list-style-type: none"> • Continue offering job-level-specific training and support candidates who can lead the company in the future 	4 5 8 10
<ul style="list-style-type: none"> • Implementation of survey using the CSR voluntary checklist (451 primary suppliers), feedback to companies that responded (98% response rate) • Implementation of survey by GLORY Products Ltd. using the CSR voluntary checklist (62 primary suppliers), feedback to companies that responded (95% response rate) • Implementation of survey by GLORY IPO Asia Ltd. using the CSR voluntary checklist (80 primary suppliers), feedback to companies that responded (76% response rate) • Preparation for further expansion of the CSR voluntary checklist at overseas sites • Preparation for the memorandum on CSR procurement 	<ul style="list-style-type: none"> • Continue to use the CSR voluntary checklist, and work to improve assessment score • Pursue activities at the purchasing division at Glory Global Solutions (Singapore) Pte. Ltd. 	8 10 12 17
<ul style="list-style-type: none"> • Decision to transition to a company with an Audit & Supervisory Committee • Amendment of the Corporate Governance Guidelines (June 2019) • Reinvigorating, streamlining, and digitizing Board meetings through paperless management 	<ul style="list-style-type: none"> • Strengthen supervisory functions of the Board and accelerate decision-making in line with the transition to a company with an Audit & Supervisory Committee (delegation of authority) • Amend the Corporate Governance Guidelines (June 2020) • Revitalize Board meetings further and streamlining proposals 	16
<ul style="list-style-type: none"> • Unification of risk assessment items and criteria with overseas Group companies • Implementation of Glory's business continuity plan (BCP) training for emergencies such as major earthquakes and cyber attacks, and reviewing the effectiveness of existing manuals 	<ul style="list-style-type: none"> • Develop risk assessment items further with overseas Group companies • Response to the COVID-19 pandemic 	16
<ul style="list-style-type: none"> • Implementation of job-level-specific compliance education for Glory and Group companies in Japan and overseas 	<ul style="list-style-type: none"> • Enhance and strengthen legal functions in line with business development • Enhance of the global compliance system • Implement job-level-specific compliance education for Glory and Group companies in Japan and overseas 	10 16

Major CSR Initiatives in the Value Chain

The Glory Group clarifies its challenges after considering how Group business activities might impact society and the environment throughout the value chain and based on a detailed review of SDGs with 169 targets. We are implementing these major initiatives below for each stakeholder category while aiming to increase positive impacts, minimize negative impacts, and contribute to SDGs.

Increasing Positive Impacts



Human Resource Initiatives

- Promote work-style reform
- Support and secure human resources essential to Glory's business

- Plan, develop, and provide products that match customer needs

Sell products and solutions in over **100** countries



New Value Creation through Business

- Create new value and solutions



- Ensure quality
- Incorporate universal design
- Develop products utilizing new technologies

R&D sites

11 sites in **7** countries

R&D investment

14 billion yen (consolidated)

R&D personnel

Japan: approx. **800**

Overseas: approx. **400**



- Ensure quality and pursue appropriate, competitive pricing
- Strengthen partnerships with suppliers



Planning

Development

Procurement

- Map out the product life cycle



Promotion of CSR in the Supply Chain

- Promote CSR-oriented procurement in unison with suppliers
- Respect human rights within the supply chain

Response rate of the CSR voluntary checklist

98 % (GLORY LTD.)

95 % (GLORY Products Ltd.)

76 % (GLORY IPO Asia Ltd.)



Environmental Protection

- Promote green procurement
- Preserve biodiversity

CO₂ emissions from parts and materials procured

Scope 3, Category 1

151,288 t-CO₂

(15.9% decline over previous fiscal year)



Minimizing Negative Impacts



Human Resource Initiatives

- Respect human rights and ensure occupational health and safety
- Promote a work-life balance

Annual working hours (per employee)

2,004 hours/year

Lost Time Injury Frequency Rate

0.80



Priority CSR Themes ■ Customers ■ Business partners ■ Employees ■ Local communities ■ Environment



Environmental Protection ■ ■ Plan, develop, and provide environmentally friendly products

Environmentally friendly products Environmentally friendly products
 Developed **7** models Account for **65.3** % of sales

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

Manufacturing system
9 sites in **3** countries



- Provide appropriate information on products and services
- Properly manage customer information and personal information



- Provide products and solutions in a timely manner that match customer needs



- Provide prompt, reliable maintenance
- Improve maintenance quality through customer focus
- Plan services that match customer needs

Number of maintenance personnel

Japan: approx. **1,000**
 Overseas: approx. **2,400**



Manufacturing

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

Waste volume
1,578 t (Japan and overseas)

Zero-emission sites

8 sites (Japan)



- Ensure safety in the vicinity of each plant

Sales

- Reduce environmental impact by use of products, transportation, and disposal

CO₂ emissions from product usage

Scope 3, Category 11

168,131 t-CO₂
 (15.8% decline over previous fiscal year)

CO₂ emissions from transportation and shipping

Scope 3, Category 4

10,711 t-CO₂
 (18.9% decline over previous fiscal year)

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

Approx. **156** t
 (GLORY LTD., Hokkaido GLORY Co., Ltd.)



Maintenance

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

Number of newly filled Recycle Jets

53,356 units
 (Reduced CO₂ emissions: approx. 27,745 t)

CO₂ emissions from product disposal

Scope 3, Category 12

1,771 t-CO₂
 (33.0% decline over previous fiscal year)



Environmental protection

Energy-induced CO₂ emissions

Scope 1 **Scope 2**

13,230 t-CO₂ (12.6% decline over previous fiscal year)

