

## Third-Party Opinion



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### Report Composition: The Company Should Pursue Global CSR Management

The overall composition follows the concise pattern that was determined by last year's revision. It is particularly noteworthy that the section "Major CSR Initiatives in the Value Chain" under "Glory's CSR" has been revamped, perhaps in line with my recommendations for last year's report.

This is an effort to understand the impact on society and the environment of the Glory Group's activities across its entire value chain in terms of the 169 SDG targets to clarify the relevant issues to be addressed. Initiatives for helping to achieve the SDGs have been laid out with respect to each stakeholder, from the perspective of maximizing the positive impact and minimizing the negative.

Still unclear, however, is how the latest SDG value chain mapping relates to Glory's CSR Material Issues identified in 2018. As I shall elaborate later, this creates the impression of two separate standards at work.

Glory already has a global presence, with overseas sales accounting for nearly half of total sales. In that sense, it is commendable that in this report a whole page was allocated to describing the company's efforts related to respect for human rights. Also noteworthy is that the Group has been addressing the UK Modern Slavery Act for some time and to the extent that the board of its British subsidiary has issued a statement.

In connection with this, there is a pressing need for Glory to develop its global CSR management and associated report, as I pointed out last year. Apart from overseas topics, the report's content remains centered on activities in Japan. Again, I recommend the establishment of a Global CSR Committee.

This year's report should also be recognized for disclosing

unfavorable information. The company reports on the environmental aspects and reveals the number of violations with respect to compliance, internal reporting, and human rights issues (including zero incidents) as well. This ensures the integrity of reporting and is beneficial for managing risks.

### Report Content: The Need to Achieve a High Degree of Integration between Glory's CSR Materiality and SDGs

I focused on two topics regarding the report's content. One is the Special Report: Establishing a New Style of Cash Circulation. It features Glory's global partnerships for the next 100 years in response to mega-trends such as technological innovations like AI and IoT, cashless systems, and the diversification of payment methods. These trends specifically involve self-service kiosks, cash-out services, and a cash settlement platform. I think these are bold in terms of creating new business models and values that address the ongoing integration of financing and distribution that characterizes the 21st century.

On the other hand, a considerable number of people across the world do not have credit cards or access to the Internet. In Western countries, addressing this social issue has gained attention as a corporate social responsibility of the financial and distribution industries. I recommend exploring solutions with business partners from the planning stages of development.

The other topic is the company's SDG value chain mapping. While the effort itself is commendable, it is not necessarily consistent with Glory's existing CSR Material Issues. While the results of initiatives and targets for the 11 Material Issues are presented, other issues in the value chain are placed under different categories. The SDGs require companies to identify issues in the value chain that are of material importance to resolving social issues and to link them with ongoing efforts in their core operations. To that end, I recommend that Glory incorporate the SDG perspective to significantly revise its current material, which is now three years old.

In view of Glory's transformation this year into a company with an Audit & Supervisory Committee, I think this also offers a good opportunity from the perspective of governance to strategically redefine its management risks and opportunities. I look forward to further enhancement in Glory's CSR management.

## Glory's Response

We are very grateful to Mr. Kawamura for offering his valuable remarks on our CSR for the second consecutive year.

The Glory Group is aggressively developing businesses in the final fiscal year of the 2020 Medium-Term Management Plan. The realization of a new style of cash circulation, as noted by Mr. Kawamura, is indeed a key initiative in our overseas business, and we are working with three business partners, Acrelec Group S.A.S. (France), SOCASH PTE. LTD. (Singapore), and Cash Payment Solutions GmbH (Germany), to resolve social issues that include providing people with points of access to cash. We will also boost our efforts to harness the Glory Group's technological strengths in order to address new social issues arising from the COVID-19 pandemic.

Currently, we are formulating the next Medium-Term Management Plan and revising Glory's CSR Material Issues. We will take your opinions and recommendations to heart in our effort to further promote CSR management throughout the Glory Group.



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