

## Corporate Governance Report

Last Update: December 27, 2021

**GLORY LTD.**

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<https://corporate.glory-global.com/>

The corporate governance of GLORY LTD. (the “Company”) is described below.

### I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

#### 1. Basic Views

Based on our “Corporate Philosophy,” which embodies our determination to achieve growth as a sustainable enterprise by contributing to a prosperous society through our uncompromising commitment to product development, GLORY and its subsidiaries (collectively, the “Group”) aim to improve the corporate value by striving to exist in harmony with society and promoting sound and efficient corporate management that is trusted and supported by all stakeholders. To this end, we will strive to improve corporate governance thus further improve our corporate value, by strengthening supervisory and executive functions of management, ensuring expedited, transparent and objective decision-making, and enhancing compliance management.

#### **[Reasons for Non-compliance with the Principles of the Corporate Governance Code] Updated**

The Company implements each principle of the Corporate Governance Code revised on June 11, 2021.

#### **[Disclosure Based on the Principles of the Corporate Governance Code] Updated**

The contents of disclosure based on each principle of the Corporate Governance Code revised on June 11, 2021 are as follows.

<Principle 1.4: Cross-Shareholding\*>

It is our policy to hold other companies’ listed shares as cross-shareholdings only if, based on a broad consideration of factors such as the business strategies and transaction status of any investee company, we determine that the corporate value of the Group would increase by maintaining or enhancing our relationship with such company. We endeavor to ensure the economic rationale of such holdings by paying attention to the soundness of the investee company and considering the market value of shares as well as the dividends and other returns of such company.

Further, with respect to each individual cross-shareholding, the economic rationale and future outlook are examined by the Board of Directors from a mid- to long-term perspective based upon such factors as their risks and returns and, based on such examination, the purposes of such holdings and their rationale, as well as the justifiability of continuing such holdings, are verified on an annual basis. Additionally, such holding is reconsidered if it is not found to be suitable.

In FY 2020, the Board of Directors conducted verification of all listed shares held by the Company as cross-shareholdings in terms of the stock name, purpose and rationale of such holdings. The verification was based on the potentials for business synergy with the investee companies and the balance of risks and returns against

the capital cost for each holdings. Based on the results, we continued to hold shares for which validity was confirmed and sold some that deviated from the original purpose and/or for which the significance of such holdings had decreased.

The Company will exercise voting rights on cross-held shares based on broad consideration of factors including the condition of each investee company and on the criteria such as whether or not such exercise is deemed to improve the corporate value of the Company and the investee company.

*\* Cross-shareholdings here include not only mutual shareholdings but also unilateral ones.*

#### <Principle 1.7: Related Party Transactions>

When the Company conducts any transactions with related parties, such as Directors or major shareholders, approvals of the Board of Directors are obtained in advance to ensure such transactions do not harm the Group or the common interests of its shareholders, unless the terms of the transactions are equivalent to those of other general transactions.

Further, aside from the foregoing, the Company's "Regulations of the Board of Directors" stipulates that resolution of the Board of Directors is required before a Director conducts any competitive transactions, self-dealing transactions or any other transactions that would involve a conflict of interest with the Company.

Transactions with related parties are disclosed in accordance with the Companies Act, the Financial Instruments and Exchange Act and other applicable laws and regulations.

Meanwhile, Audit & Supervisory Committee requires Directors to submit confirmation letters concerning their respective engagement in competitive transactions, self-dealing transactions, any other transactions that would involve a conflict of interest with the Company, and transactions with shareholders under unusual terms of transactions, and provide reports thereof to the Board of Directors.

#### <Supplementary Principle 2.4.1: Ensuring Diversity, Including Active Participation of Women>

The Company positions ensuring diverse human resources who create new value and business as one of the important factors that support the further development of the Company. We actively and consistently promote the recruitment of personnel with various career backgrounds, regardless of age, gender, nationality and appoint them to managerial positions.

In addition, we are working to develop the abilities of employees based on the belief that the growth of each employee will lead to the growth of the Company and, in turn, will contribute to the sustainable improvement of our corporate value.

■ For details see [https://www.glory.co.jp/csr/society/human\\_resources/](https://www.glory.co.jp/csr/society/human_resources/)

#### <Principle 2.6: Roles of Corporate Pension Funds as Asset Owners>

The Company manages its corporate pension plan through the GLORY Group Corporate Pension Fund and a contract-type pension plan. Recognizing that cases where the management of pension fund reserves may affect its financial condition besides the stable asset formation of beneficiaries, the Company has assigned personnel trained and suited for the management of the pension fund reserves, and in addition, has established a system to ensure sound management of pension assets by incorporating the opinions of outside professionals where deemed necessary, through the committees regarding the corporate pension plan. Further, the status of the management of the pension fund reserves is reported to the Board of Directors on a regular basis.

#### <Principle 3.1: Full Disclosure>

##### (i) Managerial Creed, Etc., Corporate Management Strategy and Management Plan

The Company's corporate philosophy and managerial creed are published on our website while its long-term visions and mid-term management plans are disclosed at stock exchanges, etc. as well as on our website at the time they are established.

■ Corporate Philosophy

<https://corporate.glory-global.com/groupinfo/philosophy/>

■ Long-Term Vision and the Medium-Term Management Plan

<https://corporate.glory-global.com/ir/management/plan/>

(ii) Basic Views and Policy on Corporate Governance

The Company sets forth its basic views and policy concerning corporate governance of the Group in the “Corporate Governance Guidelines.”

■ Corporate Governance Guidelines

<https://corporate.glory-global.com/groupinfo/governance/>

(iii) Policy and Procedures for Determining Remuneration of Directors and Other Officers

See the section (of) “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” under “II. 1. Directors’ Remuneration” herein.

(iv) Policy and Procedures for Appointing, Dismissing and Nominating Directors and Other Officers

When appointing senior management from among Directors or nominating candidates for Directors, the Company examines individuals based on such criteria as their extensive experiences in and out of Japan, depth of insight, suitability of skills and expertise for the expected roles, personalities, and other factors that are necessary to achieve our corporate governance system and to contribute to the steady increase of the Group’s corporate value. Executive Director candidates are appointed from among individuals who have extensive knowledge of the domestic and overseas businesses or corporate operations of the Group. Outside Director candidates are appointed from among individuals who have expertise in such areas as corporate management, law, finance and accounting and are qualified to provide proper recommendations and advice on management from a broad perspective.

Candidates for Directors who are Audit & Supervisory Committee Members are appointed from among individuals who have adequate experience and abilities as well as necessary knowledge of finance, accounting and legal matters for conducting audits and supervisions regarding each business that the Group is engaged both in Japan and overseas. In particular, the Audit & Supervisory Committee will include at least one individual who has sufficient knowledge of finance and accounting, and candidates for Outside Directors who are Audit & Supervisory Committee Members are appointed from among individuals who have high-level independence as well as broad experience and extensive knowledge in such areas as law, finance, accounting and corporate management, etc.

Moreover, in order to ensure transparency and objectivity in appointing Directors and other executives, the Company has established, as an optional advisory committee to the Board of Directors, the Nomination Advisory Committee, with the majority of the members being independent Outside Directors. Candidates for Directors who are not Audit & Supervisory Committee Members are determined by the Board of Directors (with the consent of the Audit & Supervisory Committee in the case of Directors who are Audit & Supervisory Committee Members), taking into consideration the advice from the Nomination Advisory Committee.

In the event that any member of the senior management is deemed to no longer meet the criteria above, the Board of Directors determines, after deliberation by the Nomination Advisory Committee, his or her dismissal from the position.

(v) Explanation regarding Appointment, Dismissal or Nomination of Directors

The Company states reasons for appointing each candidate for Director in the convocation notices of its general meetings of shareholders. Further, in the case that the Board of Directors has determined to dismiss any member of the senior management from his or her position, disclosure will be made regarding such information in accordance with the timely disclosure rules, etc. based on the regulations set forth by the Tokyo Stock Exchange (“TSE”).

■ Notice of Ordinary General Meeting of Shareholders

<https://corporate.glory-global.com/ir/meeting/>

<Supplementary Principle 3.1.3: Initiatives on Sustainability>

The Group has set its sustainability policy in the 2023 Medium-Term Management Plan with a specific target and initiatives. This is based on the belief that our mission is to address social issues with technological innovation and contribute to the realization of sustainable society.

The policy sets forth the initiatives from the aspects of environment, society, governance, and creation of new value, with an aim to increase our corporate value through our contribution to a sustainable growth of society.

In order to promote these initiatives, we have established the Sustainability Committee, which is chaired by the President and supervised by the Board of Directors on a regular basis. Also, the Board sets the policies and material issues regarding sustainability, and confirms the status of the initiatives.

Since November 2021, the Company has been supporting the recommendations of the Task Force on Climate Related Financial Information Disclosure (TCFD) and implementing a series of initiatives to enhance the disclosure of risks and opportunities related to climate change.

■ For details see <https://www.glory.co.jp/csr/>

<Supplementary Principle 4.1.1: Scope and Content of Matters Delegated to the Management>

The Board of Directors delegates certain types of decisions on important business execution to Directors, and the “Regulations of the Board of Directors” sets forth, as matters to be resolved by the Board of Directors, the matters stipulated in relevant laws and regulations and the Articles of Incorporation such as matters concerning general meetings of shareholders and accounting; Directors and the Board of Directors; the Company shares; basic policies on management; material assets; organization and personnel affairs; the Group’s management, and other important matters of the Group.

Also, the decision-making authority concerning matters that do not fall within the scope of the matters of resolution stipulated by the said Regulations are delegated to Representative Directors, executive officers or managers of relevant departments, as stipulated in the “Regulations on Approval Authority.”

<Principle 4.9: Independence Standards and Qualifications for Independent Outside Directors>

With regard to independence of individuals assuming the office of independent Outside Directors of the Company, the Company requires them to satisfy the Independence Standards for Independent Outside Directors described in this report under “II. 1. Independent Directors”, in addition to the independence criteria set forth by TSE.

<Supplementary Principle 4.10.1: Approach, Authority, and Roles, etc. regarding Independence of the Composition of the Nomination Committee and the Compensation Committee>

Please refer to “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management”.

<Supplementary Principle 4.11.1: Overall Balance, Diversity and Size of the Board of Directors>

In the belief that it is important to secure the balance and diversity of knowledge, experience and skills of the Board as a whole, the Board consists of (a) executive Directors who have extensive knowledge of the Group’s businesses or corporate operations in and out of Japan and (b) Outside Directors who have expertise in areas such as corporate management, law, finance and accounting and are qualified to provide the management with valuable recommendations and advice from a broad perspective.

As to the number of Directors, in order to expedite the decision-making process and to promote active deliberation in its meetings, the Board consists of no more than ten (10) Directors who are not Audit & Supervisory Committee Members and no more than five (5) Directors who are Audit & Supervisory Committee Members. In order to ensure appropriate supervisory functions of the management, the Board of Directors includes such number of independent Outside Directors, as exceeds one-third of the Directors. Such independent Outside Directors shall have credentials to contribute to promoting sustainable corporate growth and the increase of the corporate value over the medium to long term.

Skills required for the members of the Board of Directors are described in the Notice of the 75th Ordinary General Meeting of Shareholders.

■ Notice of Ordinary General Meeting of Shareholders

<https://corporate.glory-global.com/ir/meeting/>

<Supplementary Principle 4.11.2: Situation of Directors Concurrently Holding Positions>

Status of Directors concurrently serving as officers at other listed companies are disclosed through the convocation notices of the general meetings of shareholders, annual securities reports, the corporate governance reports or other similar publications.

Status of Directors concurrently serving as officers at other listed companies are disclosed through the convocation notices of the general meetings of shareholders, annual securities reports, the corporate governance reports or other similar publications.

■ Notice of Ordinary General Meeting of Shareholders

<https://corporate.glory-global.com/ir/meeting/>

<Supplementary Principle 4.11.3: Summary of Analysis and Evaluation of Effectiveness of the Board of Directors and Results thereof>

The Company endeavors to strengthen the entire functions of the Board of Directors by having each Director perform a self-evaluation and, based thereon, analyzing and evaluating the effectiveness of the Board. A summary of the results is published on the Company's website.

■ Results of Analyses and Evaluation on Effectiveness of the Board of Directors

<https://corporate.glory-global.com/groupinfo/governance/evaluation/>

<Supplementary Principle 4.14.2: Policy for Training of Directors>

It is the Company's basic policy to appropriately provide each Director with such training opportunities as are necessary and on a regular basis, in order for them to fulfill their respective roles and responsibilities

Directors endeavor to acquire, update and develop necessary knowledge through in-house training opportunities and/or seminars organized by TSE and other external organizations. Directors are also given the opportunities such as factory tours and on-site visits in the Company and its subsidiaries, in order for them to enrich their knowledge and understanding towards the Group's business, finance, organizations and other matters of concern. Further, they acquire, update and develop necessary knowledge through participation in workshops given by outside professionals such as lawyers and other subject matter experts, as necessary.

<Principle 5.1: Policy for Constructive Dialogue with Shareholders>

In order to attain sustainable growth and the increase of corporate value of the Company over the medium to long term, it is our basic policy to have in place an integrated framework and implement initiatives to promote constructive dialogue with shareholders and investors. This policy is disclosed on the Company's website.

■ Policies concerning Disclosure of Information and Constructive Dialogue with Shareholders and Investors

<https://corporate.glory-global.com/ir/management/policy/>

## 2. Capital Structure

<b>Foreign Shareholding Ratio</b>	From 20% to less than 30%
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### [Status of Major Shareholders] **Updated**

Name/Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	7,300,100	12.01
Nippon Life Insurance Company	3,427,224	5.64
GLORY Group Employees' Stock Ownership Association	2,619,357	4.31
Custody Bank of Japan, Ltd. (Trust account)	2,180,700	3.59
Sumitomo Mitsui Banking Corporation	2,100,444	3.46
Tatsubo Fashion Co. Ltd.	1,500,000	2.47
GLORY Business Partners' Stock Ownership Association	1,178,426	1.94
Custody Bank of Japan, Ltd. (Trust account 7)	963,300	1.59
Custody Bank of Japan, Ltd. (Trust account 9)	942,100	1.55
MUFG Bank, Ltd.	879,600	1.45

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

- (1) The “Status of Major Shareholders” above is based upon the status as of September 30, 2021. The Company, which holds 2,866,078 treasury shares, is not listed in the “Status of Major Shareholders.”
- (2) The “(Change) Report of Possession of Large Volume” dated April 7, 2011 filed by Nippon Life Insurance Company with the Director-General of the Kinki Local Finance Bureau indicates that such company held 3,878,824 shares of the Company (a holding ratio of shares of 5.65%) in total as of March 31, 2011. However, since the Company cannot confirm the number of shares beneficially held by that company, the number of shares held by it as registered on the shareholder registry is stated in the “Status of Major Shareholders” above.
- (3) In its “Report of Possession of Large Volume” made available for public inspection as of December 16, 2019 and its “Report of Possession of Large Volume (Amendment Report)” made available for public inspection as of July 5, 2021, Mitsubishi UFJ Financial Group, Inc. states that MUFG Bank, Ltd. and its two joint holders held 3,383,500 shares of the Company (a holding ratio of shares of 5.32%) in total as of December 9, 2019. However, since the Company cannot confirm the number of shares beneficially held by such companies, the number of shares held by them as registered on the shareholder registry is stated in the “Status of Major Shareholders” above.

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Machinery
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	12
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors within the above number of Outside Directors	4

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Joji Iki	From another company												
Junji Uchida	From another company												
Satoshi Hamada	Certified Public Accountant												
Keiichi Kato	Attorney-at-law												

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

- Executive of the Company or its subsidiaries
- Non-executive director or executive of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the listed company or an executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- Others

Outside Directors' Relationship with the Company (2)

Name	Member of Audit & Supervisory Committee	Designated as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Joji Iki		○	There is no special interest between Mr. Iki and the Company.	<p>Mr. Joji Iki possesses extensive knowledge and experience as a management executive at another global company with emphasis on technological development.</p> <p>The Company appointed Mr. Iki as an Outside Director based upon the judgement that, with his advice and recommendations given from an independent standpoint, we would be able to strengthen the supervisory function while to ensuring and enhancing transparency and fairness in the Company's management.</p> <p>Mr. Iki is also designated as "Independent Director," as we believe that there was, is and will be no likelihood for any conflict of interest arising between him and the Company's general shareholders.</p>
Junji Uchida		○	There is no special interest between Mr. Uchida and the Company.	<p>Mr. Junji Uchida has long supervised business management possesses extensive knowledge and experience as a management executive at major steel companies which operate globally.</p> <p>The Company appointed Mr. Uchida as an Outside Director based upon the judgement that, with his advice and recommendations given from an independent standpoint, we would be able to strengthen the supervisory function while ensuring and enhancing transparency and fairness in the Company's management.</p> <p>Mr. Uchida is also designated as "Independent Director," as we believe that there was, is and will be no likelihood for any conflict of interest arising between him and the Company's general shareholders.</p>



Satoshi Hamada	○	○	There is no special interest between Mr. Hamada and the Company.	Mr. Satoshi Hamada possesses expert knowledge and experience as a certified public accountant. The Company appointed Mr. Hamada as an Outside Director based upon the judgement that, with his expertise and experience in the Company's audits and supervisions from an independent standpoint, we would be able to ensure legitimacy and adequacy in the Company's management. Mr. Hamada is also designated as "Independent Director," as we believe that there was, is and will be no likelihood for any conflict of interest arising between him and the Company's general shareholders.
Keiichi Kato	○	○	There is no special interest between Mr. Kato and the Company.	Mr. Keiichi Kato possesses expert knowledge and experience as an attorney-at-law. The Company appointed Mr. Kato as an Outside Director based upon our judgement that, with his expertise and experience in the Company's audits and supervisions from an independent standpoint, we would be able to ensure legitimacy and adequacy in the Company's management. Mr. Kato is also designated as "Independent Director," as we believe that there was, is and will be no likelihood for any conflict of interest arising between him and the Company's general shareholders.

[Audit & Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit & Supervisory Committee	3	1	1	2	Inside Director

Appointment of Directors and/or Staff to Support the Audit & Supervisory Committee	Appointed
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Matters Related to the Independence of such Directors and/or Staff from Executive Directors

The Board of Directors assigns, through consultation with Audit & Supervisory Committee, two employees who have sufficient knowledge required by the Audit & Supervisory Committee, dedicated to assist with the performance of Audit & Supervisory Committee's duties. Such assistant employees perform their duties in accordance with the instructions of the Audit & Supervisory Committee and are permitted to assume the office of audit & supervisory board members in relevant subsidiaries. To secure independence of the assistant employees, the right to give instructions to them belongs to the Audit & Supervisory Committee during the period designated by the Audit & Supervisory Committee, and they will not subject to instructions of any Directors who are not Audit & Supervisory Committee Members. Any decisions on appointments, changes or personnel affairs regarding the assistant employees are subject to prior consent of the Audit & Supervisory Committee.

Cooperation among Audit & Supervisory Committee, Accounting Auditors and Internal Audit Departments

Audit & Supervisory Committee and the Company's accounting auditors work in close collaboration to enhance the efficiency and effectiveness of their respective audits. In addition to the regular meetings held several times each year, they meet on an ad hoc basis, endeavoring to mutually ensure appropriateness and credibility of performance of their duties. This is achieved through such measures as briefing, consultation, inquiries and confirmation on matters that require special attention, regarding the annual audit plans and site audit plans (including audits of consolidated subsidiaries) prepared at the beginning of each fiscal year. Further, Audit & Supervisory Committee works in close collaboration with the Internal Audit Department positioned under its direct control to enhance the efficiency and effectiveness of their respective audits. Each time the Internal Audit Department conducts an audit pursuant to the annual audit plan, Audit & Supervisory Committee Members receive the copies of the audit notification from the Internal Audit Department and confirm such matters as schedule, subject, purpose, method and other matters of the relevant audit stated therein. After completion of the audit, Audit & Supervisory Committee Members receive an internal audit report concerning matters pointed out and the degree of improvement, upon which they discuss and exchange opinions with the Internal Audit Department personnel.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Advisory Committee	Compensation Advisory Committee
All Committee Members	3	3
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

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**[Independent Directors]**

Number of Independent Directors	4
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## Matters relating to Independent Directors

The Company has designated as Independent Directors all Outside Directors who satisfy the qualifications as Independent Directors.

The “Independence Standards for Independent Outside Directors” set by the Company are as follows:

## &lt;Independence Standards for Independent Outside Directors&gt;

Independent Outside Directors must not fall under any of the following.

- (1) Any person who is currently, or at any point in the past ten years has been, an executive of the Company or any of its subsidiaries.
- (2) Any person who is a major client or supplier\*1 of the Company or for whom the Company is a major client or supplier (or any executing person of the said major client or supplier if the client or supplier is a legal entity).
- (3) Any consultant, accounting or legal professional who receives a large amount\*2 of monetary consideration or any other property from the Company besides compensation as a director (or a person belonging thereto if the consultant, accounting or legal professional is a legal entity).
- (4) Any person who receives a large amount\*2 of financial contributions or support from the Company (or a person belonging thereto if the person is a legal entity).
- (5) Any person who is a major shareholder of the Company (or any executive of the said major shareholder if the shareholder is a legal entity).
- (6) Any person who has fallen under any of (2) through (5) above in the past three years.
- (7) A spouse or any family member within the second degree of kinship of any person (excluding those not in material positions\*3) listed in (1) through (5) above.

\*1 (i) A client or supplier with whom the Company’s average transaction value for the past three business years exceeds 2% of the consolidated net sales of the most recent business year of the Company or the client or supplier; or (ii) A financial institution from which the Company is borrowing money and from which the average of the amount borrowed by the Company as of the last day of the past three business years exceeds 2% of the consolidated total assets as of the last day of the most recent business year of GLORY.

\*2 The average amount received during the past three business years exceeds (i) 10 million yen in the case of individuals or (ii) 2% of the gross revenue of the most recent business year of the said legal entity in case of a legal entity.

\*3 “Material positions” means directors, audit & supervisory board members, executive officers or employees with senior management positions (such as division heads).

**[Incentives]**

Incentive Policies for Directors	Performance-linked Remuneration
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## Supplementary Explanation

Please refer to “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” below.

Recipients of Stock Options	-
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## Supplementary Explanation

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## [Directors' Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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### Supplementary Explanation

The remuneration for Directors and Audit & Supervisory Board Members ("A&SB Members") for the fiscal year ended March 31, 2021 is as follows:

- Eight (8) Directors who are not Audit & Supervisory Committee Members (including two (2) Outside Directors)  
Fixed compensation: ¥132 million (including ¥24 million for the Outside Directors)  
Performance-based bonus: ¥53 million  
Performance-based stock compensation: None (threshold not met)
- Three (3) Directors who are Audit & Supervisory Committee Members (including two (2) Outside Directors)  
Fixed compensation: ¥27 million (including ¥12 million for the Outside Directors)
- Four (4) A&SB Members (including two (2) Outside A&SB Members)  
Fixed compensation: ¥12 million (including ¥3 million for the Outside A&SB Members)

#### Notes:

- (1) Compensation for A&SB Members described above includes the amount paid to one (1) A&SB Member who retired at the conclusion of the 74th Ordinary General Meeting of Shareholders held on June 26, 2020. At the same date, the Company transitioned to a Company with Audit & Supervisory Committee.
- (2) The amounts paid to Directors do not include employee salary portions for Directors who have concurrent responsibilities as employees.
- (3) Cash compensation has been paid to Directors who are not Audit & Supervisory Committee Members within a limit of ¥450 million per annum (including a maximum of ¥50 million for the Outside Directors and excluding employee salary portions for Directors who have concurrent responsibilities as employees) resolved at the 74th Ordinary General Meeting of Shareholders held on June 26, 2020. In addition, it has been resolved at such meeting that, regarding stock compensation plan, the upper limit of money to be contributed to the trust set up by the Company for the plan will be 300 million yen and the upper limit of the Company shares to be distributed will be 147,000 shares during the three fiscal years (or for each of the fiscal years thereafter if the trust continues).
- (4) The Company has implemented a performance-based stock compensation plan for Directors who are not Audit & Supervisory Committee Members, excluding Outside Directors. In FY2020, as the achievement rate against the performance target was below the threshold, no points have been allotted under the plan, hence no provision has been reserved for the stock compensation.
- (5) Cash compensation has been paid to Directors who are Audit & Supervisory Committee Members within a limit of ¥80 million per annum resolved at the 74th Ordinary General Meeting of Shareholders held on June 26, 2020.
- (6) For the period before the transition to a Company with Audit & Supervisory Committee, cash compensation has been paid to Directors within a limit of ¥450 million per annum (including a maximum of ¥50 million for Outside Directors and excluding employee salary portions for Directors who have concurrent responsibilities as employees) as resolved at the 72nd Ordinary General Meeting of Shareholders held on June 27, 2018. As for the stock compensation plan, the total amount to be contributed by the Company to the trust set up by the Company for the plan was up to 300 million yen and the number of shares to be distributed was up to 147,000 for each of the three fiscal years, from the fiscal year ended March 2019 to the fiscal year ended March 2021 (or for each of the three fiscal years thereafter if the trust continues), as resolved at the 74th Ordinary General Meeting of Shareholders. Cash compensation for Corporate Auditors has been paid within the limit of ¥80 million per annum as resolved at the meeting.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company has set a policy regarding the remuneration for Directors as follows:

##### (Basic Policy on Remuneration)

Remuneration for Directors of the Company is designed in such a manner that values can be shared with shareholders and the level is appropriate for their duties, with due consideration given to incentives for continued improvement of corporate performance as well as to securing of talented human resources.

##### (Procedures for Determination of Remuneration)

In order to ensure transparency and objectivity regarding the remuneration for individual Directors, the total amount of monthly fixed compensation and bonuses for Directors who are not Audit & Supervisory Committee Members are determined by resolution of the Board of Directors, in line with a review by the Compensation Advisory Committee and within the ranges approved by a general meeting of shareholders, and the authority for the determination of individual amount is delegated to President in order to enable timely decision-making regarding remuneration. When such delegation is accepted, President shall make a decision based on the content confirmed by the Compensation Advisory Committee.

As to the stock compensation, a certain number of shares of the Company are allotted according to the number of points calculated in accordance with the Share Distribution Regulations, which are confirmed by the Compensation Advisory Committee and determined by the Board of Directors.

Remuneration for Directors who are Audit & Supervisory Committee Members is determined by consultation among the Audit & Supervisory Committee Members in line with a review by the Compensation Advisory Committee and within the ranges approved by a general meeting of shareholders.

##### (Structure of Remuneration)

###### 【Executive Directors】

Remuneration for executive Directors consists of fixed compensation (“Fixed Compensation”), short-term performance-based bonuses (“Bonuses”) and mid- to long-term performance-based stock compensation (“Stock Compensation”). The proportion of performance-based compensation is determined in stages according to the rank. Details of each type of compensations are as follows:

- The amount of remuneration for Directors shall be determined based on a broad consideration of factors such as the performance of the Company and the standard of other companies;
- Fixed Compensation is determined according to the position and responsibilities of the person concerned;
- The ratio between the base amount of cash compensation (Fixed Compensation and Bonuses) and that of Stock Compensation is set approximately at 80% and 20% respectively;
- The ratio between the base amount of Fixed Compensation and that of performance-based compensation (Bonuses and Stock Compensation) for President is set approximately at 50% for each. For other Directors, the ratios are determined proportionately to that for President, according to the factors such as their responsibilities and the general standard of compensation;
- The target indicators for Bonuses are consolidated net sales and operating income set in the performance targets in the 2023 Medium-Term Management Plan. Bonuses are paid at a certain fixed time every year in the amount determined according to the base amount predetermined based on the degree of achievement towards those targets;
- The target indicators for Stock Compensation are the consolidated ROE, the operating income (both before goodwill amortization) and the net sales of new business domains set in the performance targets in the 2023 Medium-Term Management Plan. Based on the degree of achievement towards those targets, the number of shares to be allotted is determined according to the number of points given at a certain fixed time stipulated in the Share Distribution Regulations (at a certain fixed time during the trust period and upon retirement); and
- No retirement benefits are paid to Directors.

**【Outside Directors】**

- Remuneration for Outside Directors who mainly fulfill management supervisory functions consists only of monthly Fixed Compensation.

**【Directors who are Audit & Supervisory Committee Members】**

- Remuneration for Directors who are Audit & Supervisory Committee Members, who mainly fulfill auditing and supervisory functions, consists only of monthly Fixed Compensation.

**[Support System for Outside Directors]**

With regard to the communication with Outside Directors, the Company endeavors to ensure that key management information is provided to them through such means as the materials distributed in advance the Board of Directors meetings, reporting or/and providing the contents of deliberation from key meetings such as management conference, and various other notable in-house information as necessary.

With regard to Outside Directors who are Audit & Supervisory Committee Members, day-to-day audit reports and key management information are provided principally by a full-time Audit & Supervisory Committee Member through the Audit & Supervisory Committee meetings. Further, the Company's officers and employees, the Internal Audit Department and accounting auditors conduct regular reviews then report the results thereof to such Outside Directors, thereby ensuring close collaboration and effective communication

**[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]**

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

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Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)	1
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Other matters

With the purpose of facilitating management, the Company employs the system of appointing executive advisers from among retired presidents of the Company subject to an approval of the Board of Directors. Such executive advisers give advices and recommendations on the Company's management from a broad perspective while executing duties for industry organizations as well as social contribution activities which lead to the improvement of the Company's corporate value. However, such executive advisers do not have any authority towards management decisions.

**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated**

The outline of main organs which support the Company's corporate governance system is as follows:

(Directors and Board of Directors)

The Company's Board of Directors is composed of twelve (12) Directors, nine (9) of which are Directors who are not Audit & Supervisory Committee Members and three (3) Directors who are Audit & Supervisory Committee Members, including four (4) independent Outside Directors. The Board of Directors, chaired by President & Director, decides the important business policies of the Group, supervises business execution, and receives reports on its status. Authority regarding decisions on important business execution is delegated to the Directors as necessary, thereby enabling expedited decision-making.

(Audit & Supervisory Committee)

The Company's Audit & Supervisory Committee is composed of three (3) Audit & Supervisory Committee Members including two (2) independent Outside Directors. The Company shall arrange that Audit &

Supervisory Committee has its full-time member and chairperson to ensure the effectiveness of the committee, with the chairperson presiding over its meetings. The Audit & Supervisory Committee conducts audits based on an annual corporate audit plan established in accordance with the audit policy and the assignment of duties determined by the Audit & Supervisory Committee. This is executed in accordance with the internal control system by utilizing the Internal Audit Department positioned under the direct control of the committee and in close cooperation with the accounting auditor.

Further, the Audit & Supervisory Committee Members meet once per month in principle. They share information and exchange opinions regarding the implementation status and results of the audits,.

The two (2) Outside Directors who are Audit & Supervisory Committee Members ensure legitimacy and adequacy in the Company's management by leveraging their extensive knowledge and experience for conducting audits and supervisions of the Company.

Mr. Toru Fujita, Director who is a full-time Audit & Supervisory Committee Member with wealth of experience as General Manager of Accounting Dept. of the Company and Mr. Satoshi Hamada, Outside Director who is a certified public accountant, both possess considerable expertise in finance and accounting. In addition, Mr. Keiichi Kato, Outside Director, is an attorney-at-law who possesses extensive experience regarding corporate legal affairs with considerable knowledge thereof.

Moreover, the Company assigns two (2) employees dedicated to assist in the performance of Audit & Supervisory Committee's duties in order to further ensure effective auditing.

#### (Executive Officers)

The Company employs an Executive Officer System in order to separate the functions of supervisory and business execution of management for prompt decision-making and efficient business management. The executive officers, under direct command of Representative Director, are charged with the execution of their appointed operations based on decisions made by the Board of Directors or by the Director to whom the Board of Directors has delegated the authority.

#### (Nomination Advisory Committee)

The Company has established a Nomination Advisory Committee to ensure transparency and objectivity concerning the nomination of directors. As required by the Board of Directors, the Nomination Advisory Committee deliberates on the nomination of candidates for Directors and Executive Officers, the selection of senior management executives, and the planning for their successors. The committee members are Mr. Joji Iki (Chairperson, Outside Director), Mr. Motozumi Miwa (Representative Director), and Mr. Junji Uchida (Outside Director).

#### (Compensation Advisory Committee)

The Company has established a Compensation Advisory Committee to ensure transparency and objectivity in determining remuneration for Directors and Executive Officers. As required by the Board, the Compensation Advisory Committee deliberates and reports to the Board on the fairness of the amount, structure and decision-making process in relation to remuneration consisting of fixed compensation, bonuses and stock compensation. The committee members are Mr. Junji Uchida (Chairperson, Outside Director), Mr. Motozumi Miwa (Representative Director), and Mr. Joji Iki (Outside Director).

#### (Management Conference)

The Company has established the Management Conference as an advisory body to the Representative Directors with the aim of making prompt management decisions and discussing execution of operations in accordance with basic policy determined by the Board of Directors. The Management Conference, chaired by President & Director holds a meeting once a month in principle, and comprises executive Directors, executive officers and other executives.

#### (Business Promotion Conference)

The Company holds the Business Promotion Conference for each of the domestic and overseas operations to promote prompt and appropriate execution of business operations and to strengthen cooperation among the various divisions of the Company. Each of the conferences, chaired by the company presidents of domestic or overseas business, consists of such attendees as the heads of sales, development, quality assurance,

manufacturing, service and other related divisions, to formulate and implement business strategies, to confirm progress according to the business plans, and to reinforce coordination among various functions.

(Other Management Committees)

The Company has established various committees such as (i) the Risk Management Committee, chaired by President, to prevent the emergence of assumed risks of the Group, reduce and mitigate the impact, minimize losses in the event of a crisis, and provide an early recovery, (ii) Compliance Committee, chaired by President, to ensure and promote legal compliance within the Company, (iii) Disclosure Committee, chaired by the IR officer, to ensure timely and appropriate disclosure of corporate information, and (iv) Sustainability Committee, chaired by President, to promote initiatives which contributes to a more sustainable society. Each such committee endeavors to ensure appropriateness of the operations and matters discussed at these committees are reported to the Board of Directors appropriately.

(Internal Audit Department)

In order to improve its corporate governance, the Company has established, as an internal audit unit, the Internal Audit Department (consisting of 13 members) positioned under the direct control of the Audit & Supervisory Committee. This department conducts audits in accordance with an annual internal audit plan that identifies areas where compliance risks are high, and suggests improvement based on audit results. Also, to ensure a high level of trust in the Company's financial statements, the Internal Audit Department evaluates the effectiveness of internal controls pertaining to financial reporting.

(Accounting Auditors)

The Company has employed Deloitte Touche Tohmatsu ("Tohmatsu") as its accounting auditors since June 2007. There are no material conflicts of interest between the Company and the Tohmatsu and its staff engaged in the Company audits. A policy is in place at Tohmatsu to limit the audit staff members' involvement in the Company's Audit to a fixed period of time.

Furthermore, for Directors (excluding executive Directors, etc.) to fully perform their expected roles, the Articles of Incorporation of the Company provide that the Company may conclude agreements with such Directors to the effect that liability of Directors be limited. Based on this, the Company has concluded an agreement with each of the Outside Directors to the effect that their liabilities may be limited in accordance with Paragraph 1, Article 427 of the Companies Act, details of which are as follows;

- \* Director shall be liable for damages up to the minimum amount of liability stipulated in Paragraph 1, Article 425 of the Companies Act should he or she become liable for damages caused to the Company as a result of negligence in the performance of his or her duties.
- \* The liability limitation described above shall be applicable in cases where Director performed the duties that became the cause of liability in good faith and without gross negligence.

### **3. Reasons for Adoption of Current Corporate Governance System**

The Company believes that it is effective for its corporate management to have a structure under which the speeding-up and streamlining of decision-making on important management issues and the strengthening of the supervisory functions can be achieved. Under such belief, the Company has adopted a "Company with Audit & Supervisory Committee" as a form of corporate organization under the Companies Act, thereby flexibly delegating decisions regarding the important business execution to Directors. Further, the Company has adopted the executive officer system to aim for the increase of the speed and efficiency of business management.



### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	In order to enable shareholders to adequately review proposals addressed at ordinary general meetings of shareholders, convocation notices therefor have been delivered three weeks (statutory-required period plus six days) in advance since the June 2008 Ordinary General Meeting of Shareholders, and, in advance of such deliveries, disclosed on the TSE's website and the Company's website since June 2015. Further, the "convocation notice" is now fully colorized and contains photos and graphic charts, so as to be easy to understand for our shareholders.
Allowing Electronic Exercise of Voting Rights	For the convenience of our shareholders and to facilitate exercise of their voting rights, the Company has adopted an electronic method to exercise voting rights since June 2003 Ordinary General Meeting of Shareholders.
Participation in Electronic Voting Platform	Since the June 2007 Ordinary General Meeting of Shareholders, the Company has participated in the electronic voting platform for institutional investors operated by ICJ, Inc.
Providing Convocation Notice in English	The convocation notices and reference documents are available in English alongside with the original Japanese version on the websites of TSE and the Company.
Other	At the general meetings of shareholders, audio-visual presentations and narrations, etc. are used to present business reports, balance sheet and P/L statements of the Company along with photos of our products and graphic charts, etc. to the understanding of shareholders. Further, efforts are made to answer questions raised by the shareholders in a thorough and comprehensible manner. Since 2005, the Company offers tours of our showroom tours and factory visits after the shareholders meetings, to deepen their understanding of the Group through the interaction with our officers and staff and through the display of our products.

#### 2. IR Activities

	Supplementary Explanations	Explanation by president
Preparation and Publication of Disclosure Policy	The Company has established and published on our website "Policies concerning Disclosure of Information and Constructive Dialogue with Shareholders and Investors." <a href="https://corporate.glory-global.com/ir/management/policy/">https://corporate.glory-global.com/ir/management/policy/</a>	
Regular Investor Briefings for Individual Investors	Our business strategies, etc. are presented through the company briefings or/and exhibition at IR events. In the fiscal year 2020, briefings for individual investors were cancelled due to the Covid-19 pandemic. Our website has a dedicated section for individual investors, on which the company profile and business details are explained in plain terms. <a href="https://www.glory.co.jp/ir/kojin/">https://www.glory.co.jp/ir/kojin/</a> (available only in Japanese)	○

Regular Investor Briefings for Analysts and Institutional Investors	Briefing sessions or telephone conferences are held after the announcements of financial results, through which President provides financial results and the recent business developments of the Company. For the fiscal year 2020, telephone conferences were held for each of the four quarters, due to the Covid-19 pandemic. After the briefings on financial results, exhibitions of our products and other events alike are held as appropriate to promote the understanding of our business.	○
Posting of IR Materials on Website	The following materials are published on the Company's website: [Published Materials] Financial results, and other "timely disclosure" materials , annual securities reports, quarterly reports, convocation notices for general meetings of shareholders, newsletters to shareholders, annual reports, integrated report, etc. <a href="https://corporate.glory-global.com/ir/">https://corporate.glory-global.com/ir/</a>	
Establishment of Department and/or Manager in Charge of IR	Department in charge of IR: Corporate communications Dept., Management Strategy Headquarters	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Under the Company's compliance framework, the Corporate Action Guidelines and the Employee Action Guidelines have been established as the guidelines for our employees to be a " <i>better businessperson and member of society</i> ." These guidelines stipulate that the positions of all stakeholders including shareholders, customers, suppliers, employees, business partners and local communities must be respected.
Implementation of Environmental Activities, CSR Activities etc.	It is the Group's belief that contributing to the development of a safe and secure society through provision of products of a highly public nature, i.e. "money handling machines," matches our corporate philosophy, and to realize such philosophy is equal to fulfilling our corporate social responsibility. Based upon this philosophy, we have set forth a basic policy " <i>Enable a confident world</i> " for our "Long-Term Vision 2028," and endeavor to contribute to the development of sustainable society. Also, under its environmental policy of " <i>We will contribute to realizing sustainable society by engaging in earth-friendly activities and providing environment-friendly products and services</i> ", the Company has obtained ISO14001 certification and has implemented activities to preserve the environment based upon our environment management system. For more details, reference should be made to the Company's integrated report and website. <a href="https://corporate.glory-global.com/csr/">https://corporate.glory-global.com/csr/</a>
Development of Policies on Information Provision to Stakeholders	The Company has established the policy concerning information disclosure under which we promptly disclose to our shareholders, investors and other stakeholders, information on financial conditions and management strategies, as well as other information considered as effective for understanding of the Company, while paying attention to transparency, fairness and continuity.

Other	<p>The Group is committed to ensure diversity by (1) Developing human resources to promote globalization, (2) Promoting gender equality, (3) Leveraging skills and knowledge of those re-employed after their official retirement and (4) promoting employment of people with disabilities, in order to create a work environment in which the diversity, personality and individuality of the employees are respected and in which one can fully utilize his/her abilities, career and experiences.</p> <p>In particular, as part of efforts to support active involvement of the female employees, the Company has established “GLORY Women’s College” to support their career development and has been striving to develop and enhance various systems and programs from the standpoint of securing a work-life balance. In 2013, the Company received an accreditation from the Minister of Health, Labour and Welfare as a company promoting measures under the Act on Advancement of Measures to Support Raising Next-Generation Children, thus obtained the “Next-Generation Certification Mark” (named “<i>Kurumin</i>”).</p> <p>In addition, in 2016, the Company opened an in-house daycare center named “Glory Kids Home” on the premises of our headquarters, in order to support our employees with their childcare as well as their career development.</p> <p>In addition, the Company has been recognized as one of Certified Health and Productivity Management Organizations 2021 (large enterprise category) by the Ministry of Economy, Trade and Industry and the Japan Health Council (JCHI), as a company engaging in efforts to advance health and productivity management in accordance with initiatives that address health issues impacting the local community and health improvement initiatives promoted by JCHI.</p>
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#### IV. Matters Related to the Internal Control System

##### 1. Basic Views on Internal Control System and its Current Status

Pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company has established, based on a resolution of the Board of Directors on June 25, 2021, the “Basic Policy on the Internal Control System” as follows:

- (1) Framework to secure performance of duties of the directors and employees of the Company and its subsidiaries in compliance with relevant laws and regulations and the Articles of Incorporation
  - a. In the Group’s corporate philosophy “*We will contribute to the development of a more secure society through a striving spirit and co-operative efforts.*”, we express our determination to grow as a sustainable enterprise. We aim to achieve this by contributing to a prosperous society through our uncompromising commitment to product development.  
Based upon this philosophy and in order for the Group to co-exist in harmony with society and to build relationships of trust with all its stakeholders, the President and all Directors voluntarily endeavor to implement “compliance management,” while at the same time regularly communicate this to employees to ensure that compliance with relevant laws and regulations and social ethics is a prerequisite for corporate activities. Further, the basic views and policies related to corporate governance within the Group are set forth in the “Corporate Governance Guidelines.”
  - b. The Company’s Board of Directors makes decisions on important matters and supervises Directors’ performance of their duties in accordance with relevant laws and regulations, the Articles of Incorporation and Regulations of the Board of Directors.

- c. The Company has established the Nomination Advisory Committee and the Compensation Advisory Committee, which support and monitor, from an independent standpoint, the performance of deliberation function of the Board, thereby ensuring transparency and objectivity of nomination of Directors and executive officers and of decision-making process of the amounts of their remuneration.
- d. Audit & Supervisory Committee audits and supervises from an independent standpoint the performance of Directors' duties, including the development and operation of internal control system.
- e. The Company has established the Compliance Committee chaired by President, in which its members, including outside experts, deliberate on important compliance-related issues concerning the Group and report the results to the Board of Directors.

In addition, the Board appoints a Chief Compliance Officer from among the Officers, who, with the secretariat of the Compliance Committee, assumes responsibilities to establish and implement measures concerning compliance, then, monitors compliance management and provide compliance training for employees where necessary.

- f. For the consultation concerning overall compliance matters of the Group, the Company has established four compliance helplines: (1) immediate supervisor of the consultor; (2) secretariat of the Compliance Committee; (3) workplace counselling staff and (4) external consultation services. Such helplines are intended to promote early detection and rectification of potential problems, thereby protecting those seeking consultation, in accordance with the "Internal Rules on Consultation."

(2) System for storage and management of information related to performance of Directors' duties

- a. With regard to the storage and management of information related to performance of Directors' duties, type of documents to be stored, the period of storage and a person in charge of document management are designated pursuant to the "Document Management Rules" to properly store and manage the relevant information.
- b. Directors may at any time inspect information such as the minutes of the Board of Directors meetings in regards to the execution of duties of Directors.
- c. The "Information Security Rules" are stipulated and enforced in order to maintain appropriateness of information storage and management.

(3) Regulations and other frameworks to control the risk of loss of the Company and its subsidiaries

- a. The Company has set the "Risk Management Manual" and the "Crisis Management Manual" pursuant to the "Risk Management Rules", in order to implement appropriate measures to obviate any risks within the Group, and to minimize losses and prompt early recovery in the event of a crisis.
- b. The Company has established, as an organ to supervise risk management within the Group, the Risk Management Committee, which designates the responsible department and the person in charge for each of the risk items to implement preventive measures against such risks. In addition, the Company has systems in place that enables prompt responses in times of crisis.

(4) Structure to ensure the effective execution of duties by directors, etc. of the Company and its subsidiaries

- a. The Company's Board of Directors holds a regular meeting once every month and extraordinary meetings as necessary, in order to make appropriate decisions regarding basic policies and other important matters relating to management, as well as to supervise the performance of Directors' duties.
- b. The Company has included a provision in the Articles of Incorporation that enables certain types of decisions on important business execution to be delegated to the Directors. In addition, the Company has employed an Executive Officer System to delegate certain authorities regarding business execution to relevant Directors or Executive Officers to ensure that Directors' duties are performed efficiently.
- c. The Company has established the "2023 Medium-Term Management Plan" as a company-wide target to be shared by Directors and employees, with the aim of promoting appropriate and efficient business operations pursuant to relevant strategies.
- d. The Company has established a framework to enable prompt and appropriate decision-making, by clearly defining in the "Regulations on Approval Authority" the responsibilities and authorities assumed by each organization and its hierarchy in the Company and each of its subsidiaries and by appropriately delegating authority thereunder.

- (5) Structure to ensure appropriate business operations as a corporate group comprising the Company and its subsidiaries
- a. The Company selects an Officer to be in charge of Group compliance to implement educational activities for the officers and employees of the subsidiaries and to ensure thorough compliance with the “GLORY Legal Code of Conduct” and the internal rules of each subsidiary.
  - b. Audit & Supervisory Committee meets with the audit & supervisory board members of the subsidiaries regularly and as needed, and collaborate closely with the Internal Audit Department positioned under the direct control of the committee and the accounting auditors to ensure that supervision and audit of the entire Group is effectively and properly conducted in compliance with the Group’s consolidated management.
  - c. The Company promotes appropriate business operations of its subsidiaries by having them obtain the approval of the Board of Directors on important matters related to their business strategies, as well as their basic management policies and earnings plans, and by having them submit quarterly reports to the Board on their performance and financial results besides other essential matters.
  - d. The Company assigns certain Directors, executive officers and other officers of the Company to the office of Directors or the audit & supervisory board members of its subsidiaries as necessary, and also requires its subsidiaries to report on important managerial matters pursuant to the “Rules on Management of Affiliated Companies,” etc. e. The Internal Audit Department is positioned under the direct control of the Audit & Supervisory Committee and it conducts internal audits of the Company and its subsidiaries in order to evaluate validity and adequacy of the internal control system of the Group. Results of the audits are directly and promptly reported to the Audit & Supervisory Committee and to President.
  - f. The Company’s management planning department is assigned to designate appropriate governance departments to supervise the subsidiaries. It is also assigned to designate decision-making authorities as well as the duties of the Company and its subsidiaries to control them thereunder through appropriate administration and guidance. Such governance departments manage the subsidiaries in collaboration with the management planning department.
  - g. Effective internal controls are implemented using various measures such as Information Technology, in order to ensure that no false statements, errors or similar incorrect entries are included during the course of preparation of financial reports.
  - h. In order to ensure that its financial statements are properly prepared as required by the Financial Instruments and Exchange Act, the Company has established the Internal Control Evaluation Committee to promote cooperation among the departments concerned to optimize its internal control system effective by. Further, Audit & Supervisory Committee obtains reports from Directors and employees on a regular basis, regarding the internal control system for financial reporting.
- (6) Matters concerning employees assigned to assist the duties of Audit & Supervisory Committee and the independence of such employees from Directors who are not Audit & Supervisory Committee Members
- a. The Board of Directors assigns, through consultation with Audit & Supervisory Committee, certain employees who have sufficient knowledge required by Audit & Supervisory Committee, dedicated to assist in the performance of Audit & Supervisory Committee’s duties.
  - b. Such assistant employees perform their duties in accordance with the instructions of the Audit & Supervisory Committee and are permitted to assume the office of audit & supervisory board members at relevant subsidiaries.
  - c. To secure independence of the assistant employees, the right to direct them belongs to Audit & Supervisory Committee during the period designated by relevant Audit & Supervisory Committee, and they will not receive instructions or orders from any of the Directors who are not Audit & Supervisory Committee Members.
  - d. Any decisions on appointments, transfers or personnel affairs regarding the assistant employees are subject to prior consent of Audit & Supervisory Committee.

- (7) System for directors and employees of the Company and its subsidiaries to report to Audit & Supervisory Committee
- a. Directors who are not Audit & Supervisory Committee Members or employees of the Company or its subsidiaries' directors, audit & supervisory board members or employees, or any person who have received a report from any of the foregoing persons (hereinafter the "Directors and Employees, Etc." in this section) provide a report to Audit & Supervisory Committee promptly of any matters that may cause material damage to the Group, or the fact that fraudulent conduct or material violation of laws, regulations or the Articles of Incorporation has occurred or is likely to occur.
  - b. Within the Group, it is prohibited to give disadvantageous treatment to Directors and Employees, Etc. on the grounds that a report under the preceding item has been made thereby.
  - c. Audit & Supervisory Committee may receive reports and information from Directors and Employees, Etc. and inspect the materials and records of meetings as necessary, to which Directors and Employees, Etc. must immediately and appropriately respond.
- (8) Other practices to ensure effective implementation of audits by Audit & Supervisory Committee
- a. Directors who are Audit & Supervisory Committee Members are entitled to be present at meetings, at which execution of material duties of Directors who are not Audit & Supervisory Committee Members is deliberated.
  - b. In order to ensure effective and appropriate monitoring and auditing of the entire group for consolidated management, the Internal Audit Department is positioned under the direct control of the Audit & Supervisory Committee, thereby building an organization structure of direct reporting to the committee. Also, the Audit & Supervisory Committee cooperates with accounting auditors to improve effectiveness of audits.
  - c. Representative Directors regularly have meetings with Audit & Supervisory Committee to exchange views concerning issues to be addressed by, and risks surrounding, the Company as well as the situation of the environment for audits conducted by Audit & Supervisory Committee and material issues thereof.
  - d. Audit & Supervisory Committee may utilize services of certified public accountants, attorneys-at-law, consultants and other outside advisers as necessary in order to perform its duties.
  - e. When Audit & Supervisory Committee makes claims for payment of any expenses or debts incurred for execution of their duties, the Company will promptly bear such expenses or debts unless the Board of Directors determine that it is unnecessary.

## 2. Basic Views on Eliminating Anti-Social Forces

In the "GLORY Legal Code of Conduct," the Company stipulates as its basic policy that it resolutely deals with any antisocial forces by blocking any and all relationships with, by giving no benefits whatsoever to such forces, and by working in close cooperation with related administrative agencies. Further, the department in charge of general affairs, as the supervisory department, designates a responsible officer to readily coordinate and cooperate with persons in charge at the branch offices. Such department actively and constantly participates in seminars and other opportunities sponsored by related administrative agencies to collect necessary information and implement training for Directors and employees as needed and in an emergency act in collaboration with company attorneys and related administrative agencies.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None
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Supplementary Explanation

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### 2. Other Matters Concerning to Corporate Governance System

Other matters concerning the corporate governance system are as follows:

(1) Basic disclosure policy

a. Basic disclosure policy

The Company commits to the philosophy of “*communicating with stakeholders and striving for appropriate information disclosure*” defined in its Corporate Action Guidelines. Based on this philosophy, the Company strives to enhance the transparency of its management through prompt, accurate and fair means of providing the latest corporate information and to gaining a better understanding of its management policies and business activities through constructive dialogue, thereby building long-term relationships of trust with shareholders and investors.

b. Information disclosure standards

The Company discloses its corporate information in accordance with the Companies Act, Financial Instruments and Exchange Act besides other relevant laws and regulations as well as with the timely disclosure rules set forth by the Tokyo Stock Exchange (the “Timely Disclosure Rules”), where the Company’s stock is listed. Further, with respect to the corporate information that is not subject to the Timely Disclosure Rules, including non-financial information, the Company endeavors to voluntarily disclose such information taking into consideration the timeliness and fairness of disclosure, to the extent that the Company believes such disclosure is useful for shareholders and investors to reach investment decisions.

(2) Deliberation and disclosure procedures for corporate information

a. Information concerning facts that have occurred

Upon occurrence of major disasters or filing of a lawsuit, or when similar events arise, information regarding such fact is immediately reported to the Disclosure Committee by the responsible department, then following deliberation by the Disclosure Committee, will be disclosed without any delay pursuant to a resolution of the Board of Directors or direction of President.

b. Information concerning facts that have been determined

Material information concerning the facts that have been determined is reported to the Disclosure Committee by the responsible department in charge of the relevant matters, then following deliberation by the Committee, will be disclosed promptly after resolution by the Board of Directors.

c. Information concerning disclosure of annual and quarterly financial results etc.

Information concerning settlement of financial results, quarterly disclosures, etc. is reported to the Disclosure Committee by the department in charge of the relevant matters, then following deliberation by the Committee, will be disclosed promptly after resolution by the Board of Directors.

d. Information concerning subsidiaries

Material information concerning subsidiaries is reported to the Disclosure Committee by the department in charge of the relevant matters, then following deliberation by the Committee, will be disclosed promptly after resolution by the Board of Directors.

(3) Deliberation and determination regarding information to be disclosed

a. In the event that facts, etc. concerning the Company or any of its subsidiaries that require disclosure arise, the Disclosure Committee will deliberate the necessity of disclose besides the timeliness and appropriateness of such disclosure. If it is determined that it is necessary to disclose such information, it will be disclosed pursuant to a resolution of the Board of Directors or President. In the case that

information is disclosed pursuant to a resolution of President, he/she will report to the Board of Directors the content of and the reasons for disclosure.

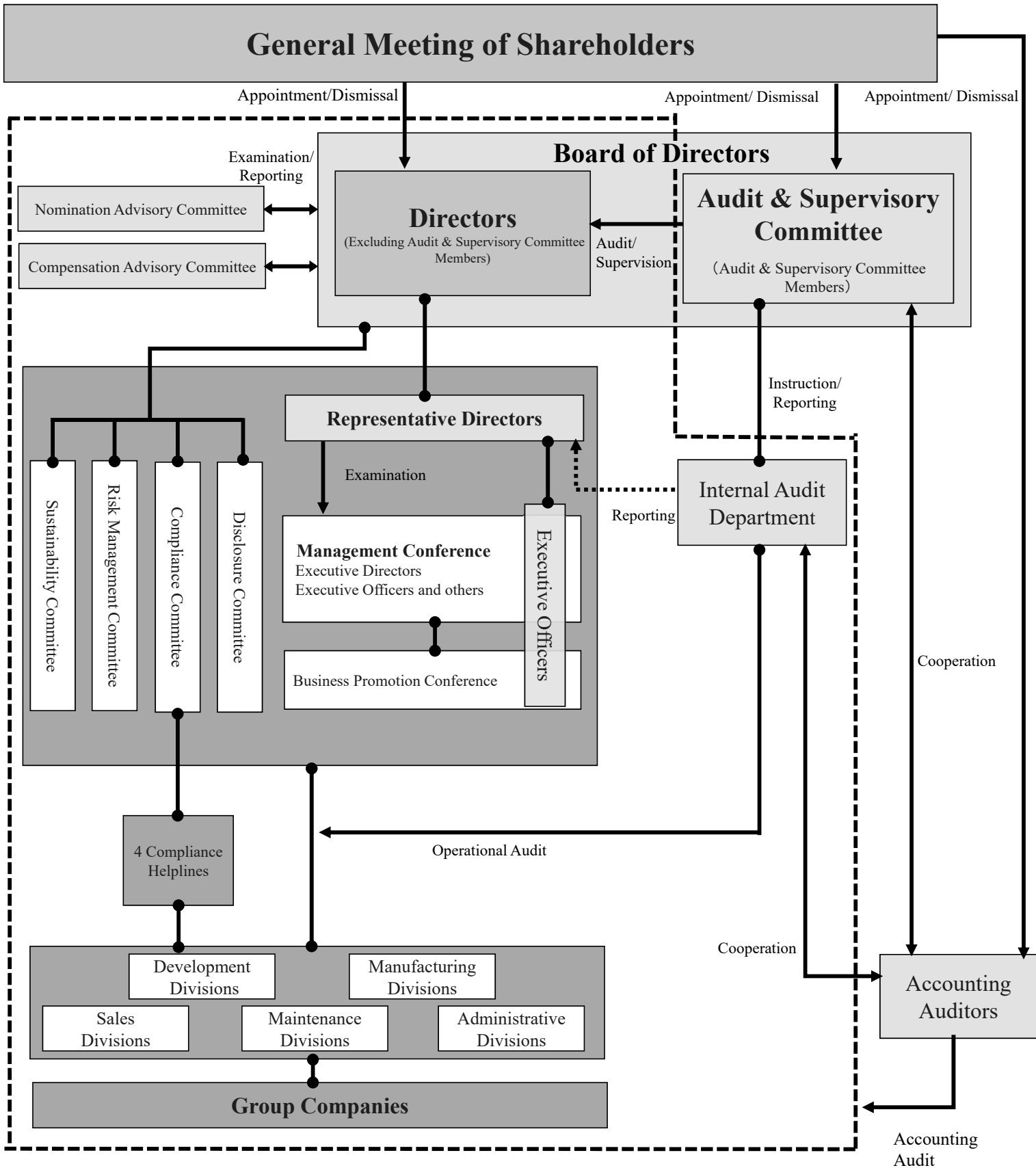
- b. Information concerning the facts that have been determined is disclosed by resolution of the Board of Directors, following deliberation by the Disclosure Committee. However, information requiring urgent disclosure may be disclosed by a resolution of President. In such a case, President will report to the Board of Directors the content of the disclosed information and the reason for disclosure.

(4) Chief Information Officer and his/her role

With respect to the Chief Information Officer stipulated in the Timely Disclosure Rules, an Officer involved in the Company's management is appointed to such position and he/she assumes the duties stipulated in said Rules and endeavors to effect optimal information disclosure through consultation with stock exchanges as necessary.



# < Corporate Governance Framework >



## < Disclosure Framework of GLORY >

