

February 26, 2016



News Release

Company name:	GLORY LTD.
Representative:	Hirokazu Onoe, President
Headquarters:	3-1, Shimoteno 1-chome, Himeji, Hyogo, JAPAN
Securities Code:	6457
Stock Exchange:	Tokyo (1st Section)
Accounting Term:	March

Notice of Establishment of Corporate Governance Guidelines

GLORY LTD. (the “Company”) hereby announces that a resolution was made at its Board of Directors meeting held today to establish Corporate Governance Guidelines (the “Guidelines”), as follows:

1. Purpose of establishing the Guidelines

The Guidelines prescribe the Company’s basic views and policies in relation to corporate governance with the view toward attaining sustainable growth and increased corporate value of the GLORY group companies over the mid- to long-term.

2. Outline of the Guidelines

The Guidelines consist of the following:

- I. General provision
- II. Securing the rights and equal treatment of shareholders
- III. Appropriate cooperation with stakeholders
- IV. Roles and responsibilities of the Board of Directors, etc.
- V. Dialogue with shareholders and investors
- VI. Amendment or abolition of these Guidelines

For details, please refer to the Appendix “Corporate Governance Guidelines” as attached.

About GLORY LTD.

GLORY LTD., headquartered in Himeji, Japan, is a pioneer in the development and manufacture of money handling machines and systems. GLORY provides a variety of products such as money handling machines, cash management systems, vending machines, automatic service equipment, and cash management solutions that are built on its leading-edge recognition/identification and mechatronics technology. Committed to meet society's wide-ranging needs, GLORY serves the financial, retail, vending machine, amusement and gaming industries in over 100 countries around the world. GLORY employs approximately 9,000 people worldwide. For more information about GLORY, please visit GLORY Group website at <http://www.glory-global.com/>

Contact:

Masato Inuga
General Manager,
Management Planning Dept.
Tel: +81-79-297-3131



Corporate Governance Guidelines

February 26, 2016

GLORY LTD.

The numbers in brackets in these Guidelines show the relevant principles in the Corporate Governance Code established by the Tokyo Stock Exchange.

I. General provisions

1. Purpose of establishing these Guidelines

- (1) GLORY LTD. (“GLORY” or the “Company”) hereby sets out in these Guidelines its basic views and policies in relation to corporate governance in order for GLORY and its subsidiaries (collectively, the “Group”) to realize its corporate philosophy through business operations and contribute to sustainable growth and increased corporate value over the mid- to long-term. [3.1(ii)]
- (2) GLORY has established its “Corporate Philosophy,” “Managerial Creed,” and “Corporate Action Guidelines,” to be observed by its directors, corporate auditors, executive officers and employees of the Group. [2.1, 2.2, 3.1(i)]

Corporate Philosophy

We will contribute to the development of a more secure society through a striving spirit and co-operative efforts.

Managerial Creed

- Through a spirit of continuous development, we will provide products and services our customers can rely on.
- We will build a vigorous corporate group through respect for the individual and teamwork.
- We will endeavor to act as a responsible corporate citizen and co-exist harmoniously with the society.

Corporate Action Guidelines

Business continuity, securing profit and profit redistribution

We will maintain profit stability by developing businesses based on the corporate philosophy and contribute towards building a sustainable society.

Quality, safety and customer satisfaction

We will provide products and services that build customer confidence and satisfaction in a timely manner.

Information management

We will protect information such as personal data and Company information.

Respect for individuals, talent development and workplace safety

We will respect the diversity, personality, and individuality of each employee and strive to create a safe, enriching, and pleasant work environment.

Implementation initiative and publicity

Under the strong leadership of the management, we will disseminate the Corporate Action Guidelines within the Company and to our business partners to achieve our goals.

Legal compliance, fair competition and prevention of anti-social forces

We will comply with all relevant laws and regulations, respect social ethical standards, and engage in transparent and fair business activities, and we will not have relationships with anti-social forces.

Information disclosure and communication and cooperation with stakeholders

We will continue to communicate with stakeholders and strive for appropriate information disclosure.

Contribution to society

We will harmonize and advance the interests of the Company and society and will actively participate in social action programs as a “good corporate citizen.”

Environmental protection

We will work together to act in earth-friendly ways and provide environmentally-friendly products.

International cooperation

We will engage in business activities in an internationally harmonized manner from a global perspective. We will respect the cultures and customs of the countries and regions where we conduct our business.

Risk management

We will strive to prevent and avoid business risks and to reduce disaster loss. We will also strive to ensure the security of stakeholders.

2. Our basic view on corporate governance

- (1) The following is the “Basic Policy on Corporate Governance” of the Group. [3.1(ii)]

Based on our “Corporate Philosophy”, which embodies our ideal that we will contribute to the development of a more secure society through a striving spirit and cooperative efforts, the Group aims to improve its corporate value by striving to exist in harmony with society and earn the trust and support of all stakeholders. To this end, we will strive to improve corporate governance by strengthening supervisory and executive functions of management, ensuring expedited, transparent and objective decision-making, and enhancing compliance management, thereby further improving corporate value.

- (2) Status of understanding of and compliance with the policy set out in the preceding paragraph will be checked by the Board of Directors on a regular basis. [2.2, 2.2.1]

II. Securing the rights and equal treatment of shareholders

1. Securing the rights and equal treatment of shareholders

GLORY will take appropriate measures to secure the rights of all shareholders (including minority shareholders and foreign shareholders) equally according to the number of shares they hold. [1, 1.1.3]

2. General Meetings of Shareholders [1.2]

- (1) GLORY recognizes that the general meeting of shareholders (“Shareholders Meeting”) is the supreme decision-making body of the Company consisting of shareholders with voting rights, and is a venue for constructive dialogue with shareholders. GLORY will operate Shareholders Meetings lawfully and take appropriate measures to ensure that shareholder rights are properly exercised at these meetings. [1, 1.2]
- (2) GLORY will set an appropriate time, date, and place for Shareholders Meetings, taking into consideration the time needed for shareholders to review resolution proposals, the external accounting auditor’s auditing schedule, and other related factors. [1.1, 1.2.3, 3.2.2]
- (3) GLORY will take the following measures to allow all shareholders to adequately consider resolution proposals and properly exercise their voting rights:
 - (i) GLORY will endeavor to provide necessary information for shareholders to adequately consider resolution proposals for Shareholders Meetings and properly exercise their voting rights, and will strive to gain better understanding of such information by using easy-to-understand explanations or graphs. [1.2.1]
 - (ii) GLORY will send convocation notices for Shareholders Meetings around three weeks before the date of Shareholders Meetings. Prior to the day the notices are sent, GLORY will disclose in electromagnetic form the information to be included in the notices (including English translations) through the stock exchange, GLORY’s website and the Electronic Voting Platform. [1.2.2, 1.2.4, 3.1.2]
- (4) If beneficial shareholders who hold shares in the name of a trust bank or the like express in advance their desire to exercise voting rights themselves instead of through the nominee shareholder at Shareholders Meetings, GLORY will discuss and consider the matter with trust bank, etc. [1.2.5]
- (5) Voting result for resolution proposals of Shareholders Meetings will be analyzed by the Board of Directors and dialogue with shareholders will be conducted, as necessary. [1.1.1]

3. Basic view regarding capital policy, etc.

Because our capital policy may have a significant effect on shareholder interest, GLORY will handle each issue according to the following policies:

- (1) Capital policy
 - (i) GLORY will promote more efficient management of the Company with ROE (return on equity) as one management benchmark. [1.3]
 - (ii) GLORY believes that the return of profits to shareholders is an important management task. Accordingly, GLORY has the basic policy to continue stable dividends while striving to maintain and enhance sound financial standing in preparation for future business growth, and has set the target of attaining a dividend payout ratio of 30% or higher on a consolidated basis. [1.3]
 - (iii) GLORY may acquire treasury shares after comprehensively considering future business development, investment plans, levels of internal reserves, performance trends and other related factors. The number of treasury shares is limited to approximately 5% of all issued shares, and any excess shares will be retired in principle. [1.3]

- (iv) Before implementing a measure that results in the change of control or in significant dilution (including equity finance and management buyouts), the necessity and rationale of such measure will be reviewed by the Board of Directors, taking into consideration independent outside directors' opinions, and sufficient explanation will be provided to shareholders and investors. [1.6]
- (2) Cross-shareholdings¹ [1.4]
- (i) GLORY may engage in cross-shareholdings if, based on a broad consideration of factors such as the business strategies and transaction status of any particular company, we determine that the corporate value of the Group will increase by maintaining or enhancing our relationship with that company. When GLORY engages in cross-shareholdings, it will pay attention to the soundness of the other company, consider the market value of shares and the returns (including dividends) of that company, and ensure the economic rationale of such holdings.
 - (ii) The Board of Directors will examine the mid- to long-term economic rationale of major cross-shareholdings on an annual basis.
 - (iii) With respect to the exercise of voting rights on shares that are subject to cross-shareholdings, GLORY will determine how to exercise such voting rights after taking into consideration various circumstances such as whether doing so will improve the corporate value of that company and GLORY and the other company's condition.
- (3) Takeover defense measures
- (i) If any acquisition offer that involves a change in control of GLORY was made, GLORY will request the offeror to explain its plan to improve the corporate value of the Group. The Board of Directors will review the offer from the perspective of improving the corporate value of the Group and its view will be explained to shareholders through information disclosure or otherwise so as to obtain the shareholders' understanding. However, it will ultimately be left to the decision of shareholders, and GLORY would not deny any large-scale acquisition if it will contribute to the corporate value of GLORY or to the interests of all shareholders as a whole. [1.5.1]
 - (ii) When adopting, continuing or implementing the "Countermeasures to Large-Scale Acquisitions of GLORY Shares (Takeover Defense Measures)," GLORY will review the necessity and rationale of the countermeasures from the perspective of securing and improving the corporate value of GLORY and the interests of all shareholders as a whole. We will secure necessary procedures and time for shareholders to properly determine if such large-scale acquisition would contribute to sustainably securing and improving the corporate value of GLORY and the interests of all shareholders as a whole and will provide sufficient explanation to shareholders. [1.5]
- (4) Related party transactions [1.7, 4.3]
- (i) GLORY's directors may not engage in any self-dealing transactions, completing transactions or any other transactions that would involve a conflict of interest with GLORY without obtaining an approval of the Board of Directors.

¹ Translation note: Cross-shareholdings here include not only mutual shareholdings but also unilateral ones.

- (ii) Any transactions with related parties such as directors and officers or major shareholders must be submitted to and approved by the Board of Directors, unless the terms of the transaction are equivalent to other general transactions.
- (iii) Transactions with related parties will be disclosed in accordance with the Companies Act, the Financial Instruments and Exchange Act and other applicable laws and regulations.

III. Appropriate cooperation with stakeholders

1. CSR and sustainability [2]

- (1) GLORY recognizes that in order to attain sustainable growth and the mid- to long-term improvement of corporate value, it is indispensable to appropriately cooperate with a range of stakeholders, including employees, customers, business partners, creditors, and local communities. Therefore, GLORY will endeavor to proactively deal with sustainability challenges including social and environmental issues. [2, 2.1, 2.2, 2.3, 2.3.1]
- (2) Since the founding, Group's goal has been: "We aim to achieve growth as a sustainable enterprise through our money handling business by contributing to a prosperous society through our uncompromising approach to product development." This view is incorporated into our corporate philosophy: "We will contribute to the development of a more secure society through a striving spirit and co-operative efforts." The Group will develop its business activities based on the idea that realizing our corporate philosophy will lead to the fulfillment of the corporate social responsibility. [2.3.1]

2. Ensuring diversity [2.4]

GLORY has prescribed in our Corporate Action Guidelines that we will respect diversity of employees and their personality and individuality and strive to create a safe, enriching, and pleasant work environment. We will promote diversity, including nurturing personnel with a global mindset and promoting women's participation of.

3. Whistleblowing [2.5, 2.5.1]

- (1) GLORY has established a whistleblowing system with the goal of detecting at an early stage and rectifying any situation or act that violates or may violate laws and regulations or the internal regulations.
- (2) GLORY has established points of contact for whistleblowers both inside and outside the Company and instituted internal regulations regarding the related matters such as securing the confidentiality of the information provided and the identity of the whistleblower and appropriately utilizing the information. Also, GLORY prohibits any disadvantageous treatment against whistleblowers.

IV. Roles and responsibilities of the Board of Directors, etc.

1. Organizational structure

- (1) GLORY believes that it is effective for its corporate management to have a structure whereby the Board of Directors having more than one outside director makes decisions on important management issues and supervises the execution of business and the Board of Corporate Auditors monitors the activities of the Board of Directors. Under such belief, GLORY has adopted “Company with Board of Corporate Auditors” as a form of corporate organization under the Companies Act.
- (2) GLORY has adopted the executive officer system and will endeavor to increase the speed and efficiency of business management by separating the supervisory function and the business execution function of management.

2. Fiduciary responsibilities of directors and corporate auditors

With recognition that the shareholders have entrusted them with a responsibility to promote sustainable growth and increased corporate value over the mid- to long-term, Directors, corporate auditors and other management members will fulfill their roles and responsibilities by ensuring proper cooperation with stakeholders and striving to realize the Long-Range Vision and to achieve the Medium-Term Management Plan. [4, 4.5]

3. Composition of the Board

- (1) In order to expedite the decision-making process and promote active deliberation at its meetings, the Board will consist of no more than 10 directors and include multiple independent outside directors having credentials to contribute to sustainable growth and the increase of corporate value over the mid- to long-term. [4.9, 4.11, 4.11.1]
- (2) In the belief that the securing of balance of knowledge, experience and skills as well as the diversity of the Board as a whole is important, the Board will consist of (a) executive directors who have extensive knowledge of the business or corporate operations of GLORY and (b) outside directors who have expertise in areas such as corporate management, law, finance and accounting and are qualified to provide valuable recommendations and advice to the management from a broad perspective. [3.1(iv), 4.8, 4.11, 4.11.1]
- (3) In order to secure transparency and objectivity in appointing, and determining the compensation of, directors and corporate auditors, the Board has established, as advisory committees of the Board, the Nomination Advisory Committee and the Compensation Advisory Committee, each with half or more members and the chairperson being independent outside directors. [3.1(iii)(iv), 4.6, 4.8.1, 4.10, 4.10.1]

4. Appointment of directors and corporate auditors

From the perspective of securing transparency and objectivity in deciding the candidates of director, corporate auditor and executive officer and selecting senior management, the Board of Directors will (i) decide on the candidates of directors and executive officers after taking into consideration the results of deliberations at the Nomination Advisory Committee and (ii) decide on the candidates of corporate auditors after obtaining the consent of the Board of Corporate Auditors. The reasons for appointing the candidates of director and corporate auditor will be

stated on the convocation notices for the General Meeting of Shareholders. [3.1(v), 4.3, 4.3.1, 4.6]

5. Roles and responsibilities of the Board

- (1) Bearing responsibility for GLORY's sustainable growth and the increase of its corporate value over the mid- to long-term, the Board recognizes the importance of increasing social value as well as financial value through enhancing profitability and capital efficiency, and is strongly aware that securing proper cooperation with various stakeholders to achieve the goal of realizing the Long-Range Vision and the Medium-Term Management Plan will lead to the realization of the corporate philosophy. [4, 4.1.2]
- (2) In accordance with relevant laws and regulations, the Articles of Incorporation and "Regulations of the Board of Directors," the Board makes decisions on the matters stipulated in the laws and regulations and the Articles of Incorporation and on important operational matters of GLORY and the Group, and also supervises the performance by the directors of their duties. Other matters are entrusted to the representative directors, executive officers or heads of business divisions in order to ensure expedited business execution, details of which will be stipulated in the "Regulations on Approval Authority." [4.1.1]
- (3) Recognizing that the establishment of an environment that supports appropriate risk-taking by the management is one of its responsibilities, the Board welcomes proposals from the management (including executive officers) as well as free, open and constructive discussions with them and will fully examine such matters at Board of Directors meetings that include independent outside directors. In addition, the Board has established and organized the internal control system and risk management structure so that the senior management can make prompt and decisive decisions. [4, 4.2, 4.3.2, 4.12]
- (4) Recognizing that a medium-term management plan is a commitment to shareholders, the Board will do its best to achieve the plan and, as appropriate, will monitor and analyze the progress of the plan and make amendment or take other necessary measures. Medium-term management plans for ensuing years will be drafted based on the results or challenges of preceding plans. When drafting or amending the plan or if there is a significant gap between plans and actual results, the Board will adequately explain the content thereof to the shareholders and investors. [3.1(i), 4.1.2, 5.2]
- (5) The Board will establish corporate goals (such as corporate philosophy) of GLORY and allot sufficient amount of time on drawing up Corporate Management Strategy and Medium-Term Management Plan that are concrete measures to achieve those goals. [4.1, 4.1.2]
- (6) Recognizing that the succession planning for the position of the president is an important management issue, the Board will supervise the succession planning by having the Nomination Advisory Committee review the plan and sharing the results of the review to be reported to the Board. [4.1.3, 4.6]
- (7) The Board has set the "Basic Policy on the Internal Control System" and will supervise whether or not that system is operating effectively. Individual incidents involving risk or compliance issues will be reviewed and handled by the Risk Management Committee or the Compliance Committee, summary of which will be reported to the Board on a regular basis. [2.5, 4.3, 4.3.2]
- (8) Directors and corporate auditors of GLORY will devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities and may hold other

positions concurrently only within the reasonable extent. [4.11.2]

- (9) In order to strengthen the function of the Board as a whole, the Board will regularly have each director perform a self-evaluation and, based thereon, will analyze and evaluate the effectiveness of the Board. [4.11.3]

6. Roles and responsibilities of independent outside directors

- (1) Independent outside directors are required to satisfy the independence criteria described in Attachment 1 hereof in addition to the requirements for outside directors set forth in the Companies Act and the independence criteria set forth in the Tokyo Stock Exchange. [4.9]
- (2) In order to actively contribute to discussions at the Board, independent outside directors will hold meetings comprising of independent outside directors only to exchange and share information from an objective point of view. In addition, in order to collect information on or understand the current situation of the Group, independent outside directors will ask internal directors, corporate auditors (including outside corporate auditors), the management or other internal personnel of the Company to participate in such meetings or provide explanations as appropriate. [4.7, 4.8.1]
- (3) Independent outside directors will establish a framework for communicating and coordinating with the management and for cooperating with the corporate auditors by appointing a director from among themselves to handle such matters. [4.8.2]

7. Information gathering and support structure

- (1) In order to promote active deliberations at the Board, the Company will ensure that directors and corporate auditors have sufficient time for examination in advance, endeavor to provide well-organized and analyzed materials for the Board and, as necessary, provide additional information. The yearly schedule of the Board of Directors meetings will be decided well in advance and, as necessary, the frequency and resolution items of the Board of Directors meetings will be adjusted to allow each resolution item to be examined in a timely and appropriate manner. [4.12.1]
- (2) In order to effectively fulfill their roles and responsibilities, directors and corporate auditors will make efforts to proactively collect information, and the secretariats of the Board of Directors and the Board of Corporate Auditors will promptly respond to any requests they make in this respect. [4.13, 4.13.1]
- (3) Directors and corporate auditors may seek advice of outside experts (such as attorneys or certified public accountants) at the expense of the Company when necessary to pursue their duties. [4.13.2]
- (4) Prompt coordination will be made in the event that directors or corporate auditors wish to interview with or receive reports from the internal audit department in pursuing their duties. Also, in the event that the outside directors or outside corporate auditors request for information from the Company, the secretariat of the Board of Directors or Board of Corporate Auditors, as the case may be, will take charge of internal communication and coordination and endeavor to appropriately provide necessary information. [4.13.3]
- (5) The Company will provide each director and corporate auditor with the training opportunities necessary for them to fulfill their roles and responsibilities, and directors and corporate auditors will endeavor to acquire, update and deepen necessary knowledge through participation in such training. The Board will regularly review the provision and

arrangement of these training opportunities at the Board of Directors meetings. [4.14, 4.14.1, 4.14.2]

8. Roles and responsibilities of corporate auditors and Board of Corporate Auditors

- (1) The Board of Corporate Auditors will consist of no more than four corporate auditors, more than half of which will be outside corporate auditors who have high-level independence and rich experience and deep knowledge in areas such as law, finance, accounting or corporate management. The corporate auditors must include at least one person who has adequate knowledge of finance and accounting. [3.1(iv), 4.4.1, 4.11, 4.11.1]
- (2) The Company will assign an employee dedicated to assist in the performance of corporate auditors' duties, who will not take any instructions or orders from the management or directors. [4.4, 4.4.1, 4.13.3]
- (3) Full-time corporate auditors will, leveraging on their capabilities to gather information as full-time corporate auditors, proactively endeavor to establish the auditing environment and collect internal information. In addition, they will routinely review the development and implementation status of the internal control system and secure effective auditing by the corporate auditors and the Board of Corporate Auditors by combining objective auditing and opinions of outside corporate auditors from a more neutral standpoint. [4.4.1]
- (4) Corporate auditors and the Board of Corporate Auditors recognize the importance of information gathering by outside directors without having their independence jeopardized, and will endeavor to exchange information and secure cooperation with outside directors. [4.4.1]
- (5) Corporate auditors and the Board of Corporate Auditors will, recognizing that they have fiduciary responsibilities to shareholders in performing their duties, proactively exercise their authority from the perspective of both compliance and efficiency, and express their views to the management, including the Board members and representative directors, from an independent and objective standpoint . [4.2, 4.4]

9. Compensation of directors, etc. [3.1(iii)]

- (1) The compensation of directors, corporate auditors, and executive officers of the Company will be designed in such a manner that the value can be shared with the shareholders, the level is appropriate for their duties, and due consideration is given to incentives for continued improvement of corporate performance and securing of talented human resources. [4.2, 4.2.1]
- (2) In order to secure transparency and objectivity, the compensation of directors and corporate auditors will be determined by resolution of the Board of Directors or by consultation among the corporate auditors, respectively, in line with a review by the Compensation Advisory Committee and within the ranges approved by the General Meeting of Shareholders. The compensation of executive officers will be determined by resolution of the Board of Directors based on a review by the Compensation Advisory Committee. [3.1(iii), 4.3, 4.6]

- (3) The compensation of directors will consist of “monthly fixed compensation” as well as performance-based “bonuses” and “stock compensation” as follows:
- The amount of fixed monthly compensation is determined in accordance with the respective position and responsibilities;
 - The total amount of bonuses for directors is determined as a fixed percentage of consolidated net income, an indicator linked to business performance;
 - As the stock compensation designed to provide incentives to achieve the medium-term financial performance targets, shares of the Company and the cash conversion equivalent thereof (collectively “Company Shares”) will be paid for the three-year period from fiscal year 2015. The number of Company Shares to be awarded will be calculated by multiplying his or her position-based basic points for each fiscal year under review by the performance-based indicator which is determined according to the achievement level of the Company’s consolidated performance targets (consolidated net sales and operating income) within the range between 0 (if less than 90% achievement rate) to 1.2 (if 130% or more achievement rate); and
 - Retirement benefits for directors will not be paid.

Compensation of outside directors and corporate auditors who mainly fulfill management supervision functions or auditing functions consists of “monthly fixed compensation” only. [3.1(iii), 4.2, 4.2.1]

10. Accounting auditor [3.2, 3.2.1, 3.2.2]

- (1) In order to secure the proper execution of audits by the external accounting auditor, the Company will give adequate time for them to perform audits, as well as the time to interview the senior management, such as representative directors or the directors in charge of accounting/finance, and provide them with opportunities to exchange opinions or coordinate with outside directors, corporate auditors (including outside corporate auditors), the accounting/financial department and the internal audit department.

In case the external accounting auditor has identified inadequacies or concerns and sought appropriate responses, either a member(s) of the senior management, corporate auditors or heads of each relevant department, depending on the importance of the issue, will respond thereto by endeavoring to correct inadequacies and implementing other appropriate measures. [3.2.2]

- (2) When appointing and evaluating an external accounting auditor, the Board of Corporate Auditors will verify whether it has independency and expertise, after taking into account various evaluation criterion in comprehensive manner, such as whether (a) its independency is secured, (b) it has expertise and abundant record of audits, (c) it has the size and global network to efficiently conduct the auditing of the Group which develops business within and outside Japan, (d) its auditing structure is well-organized, (e) its audit guidelines and auditing fee are reasonable, and (f) with respect to the current external accounting auditor, its auditing methods and results are appropriate. [3.2.1]

V. Dialogue with shareholders and investors

1. Policies concerning Disclosure of Information and Constructive Dialogue with Shareholders and Investors

- (1) In order to attain sustainable growth and the increase of corporate value over the mid- to long-term, GLORY believes that it is important to engage in proactive dialogue with shareholders, listen to shareholders' opinions and reflect them in management. Under such belief, the Company has established the "Policies concerning Disclosure of Information and Constructive Dialogue with Shareholders and Investors" (Attachment 2). Depending on the shareholder composition and other related factors, the Company will establish English version of our website to provide corporate information, convocation notices of shareholder meetings, materials related to financial results, release letters and annual reports to foreign shareholders and investors. [3, 3.1, 3.1.1, 3.1.2, 5, 5.1.1, 5.1.2]
- (2) In order to promote dialogue with shareholders, the Company will conduct a survey every year to identify the beneficial shareholders that are not identifiable from the shareholder registry and endeavor to keep track of our shareholder composition. [5.1.3]

VI. Amendment or abolition of these Guidelines

1. Amendment or abolition of these Guidelines

Any amendment or abolition of these Guidelines requires a resolution of the Board of Directors. However, minor amendments may be made upon approval of the president.

End.

Supplemental provisions

These Guidelines are effective from February 26, 2016.

Attachment 1

Independence Standards for Independent Outside Directors

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 per year 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 (other than outside directors), corporate auditors (other than outside corporate auditors), executive officers or employees with senior management positions (such as division heads).

End.

Attachment 2

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

Basic policy

GLORY (the “Company”) commits to “communicating with stakeholders and striving for appropriate information disclosure” in its Corporate Action Guidelines. Based on this stance, the Company is dedicated to increasing the transparency in its management through quick, 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.

1. Disclosure policy

(1) Information disclosure

(i) Information disclosure standards

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

(ii) Methods of disclosure

In disclosing the corporate information covered by the Timely Disclosure Rules, the Company utilizes the Timely Disclosure Network (TDnet) service provided by the Tokyo Stock Exchange. Also, all corporate information disclosed through TDnet is posted on the Company’s website immediately after TDnet disclosure. Furthermore, with respect to the information not covered by the Timely Disclosure Rules, the Company endeavors to ensure that such information is disseminated with accuracy and fairness through suitable methods.

(iii) Procedures for disclosure

The Company has established a Disclosure Committee to facilitate timely and appropriate disclosure of corporate information. The Committee is chaired by the Chief Information Officer and comprises the managers of several departments to enable cross-sectoral discussions.

The internal procedures for disclosures are as follows: upon occurrence of any “corporate decision,” “facts” or “earnings results” (as defined in the Timely Disclosure Rules) concerning the Company or its subsidiaries that could affect investment judgments by shareholders and investors, the Disclosure Committee holds deliberations about whether to disclose the information and about the timeliness and appropriateness of such disclosure, after which the Company will make disclosure following a resolution of the Board of Directors. Any information

that would require urgent disclosure may be disclosed with an approval of the Company president, provided that, upon disclosure, the president will notify the Board of Directors of the contents and the background of the disclosure.

(iv) Management of insider information

The Company enforces strict control over confidential information based on its internal rules concerning insider information to prevent external leaks of such information and insider trading.

(2) Handling of information on earnings forecast and future outlook

Whenever the Company announces earnings forecasts, future prospects and other forward-looking information, such announcement will be made with cautionary statements to the effect that such information is based on the facts currently available to the Company and certain assumptions which the Company regards as legitimate, that it includes known or unknown risks and uncertainties, and that a number of factors could cause actual results to differ materially from those described in such forward-looking statements.

(3) Quiet period

For the purpose of preventing leaks of information on financial results, the Company observes a quiet period from the day following the end of each fiscal quarter until the announcement of financial results for such quarter. During the quiet period, the Company refrains from answering any questions or having interviews involving financial results in the applicable financial period. However, if there is an event covered by the Timely Disclosure Rules during the quiet period, disclosure will be made as to such event in accordance with the Rules.

2. Constructive dialogue

The Company endeavors to streamline and consolidate its framework and implements activities for constructive dialogue with shareholders and investors with the aim of ensuring continued growth of the Company and enhancing its corporate value on a medium and long-term basis, as follows:

- (1) The officer in charge of investor relations (the “IR Officer”) supervises all activities involving dialogue. Also, a specialized department (“IR Department”) is established to take charge of conducting dialogue and coordinating with various sections assisting the dialogue, such as corporate planning, accounting and finance, and legal affairs.
- (2) All requests from shareholders and investors for meetings are complied with by the IR Officer or other executives, or the head of the IR Department or IR staff, depending on the purposes of requested meetings.
- (3) To increase opportunities for constructive dialogue, the Company proactively plans various events, such as holding investor information meetings in which the Company president and the IR Officer will make presentations, arranging meetings with Japanese and foreign investors, and hosting showroom and factory tours after shareholders meetings.
- (4) The IR Officer shares opinions and requests received from shareholders and investors with other executives at the Board of Directors meetings and in other appropriate opportunities.

End