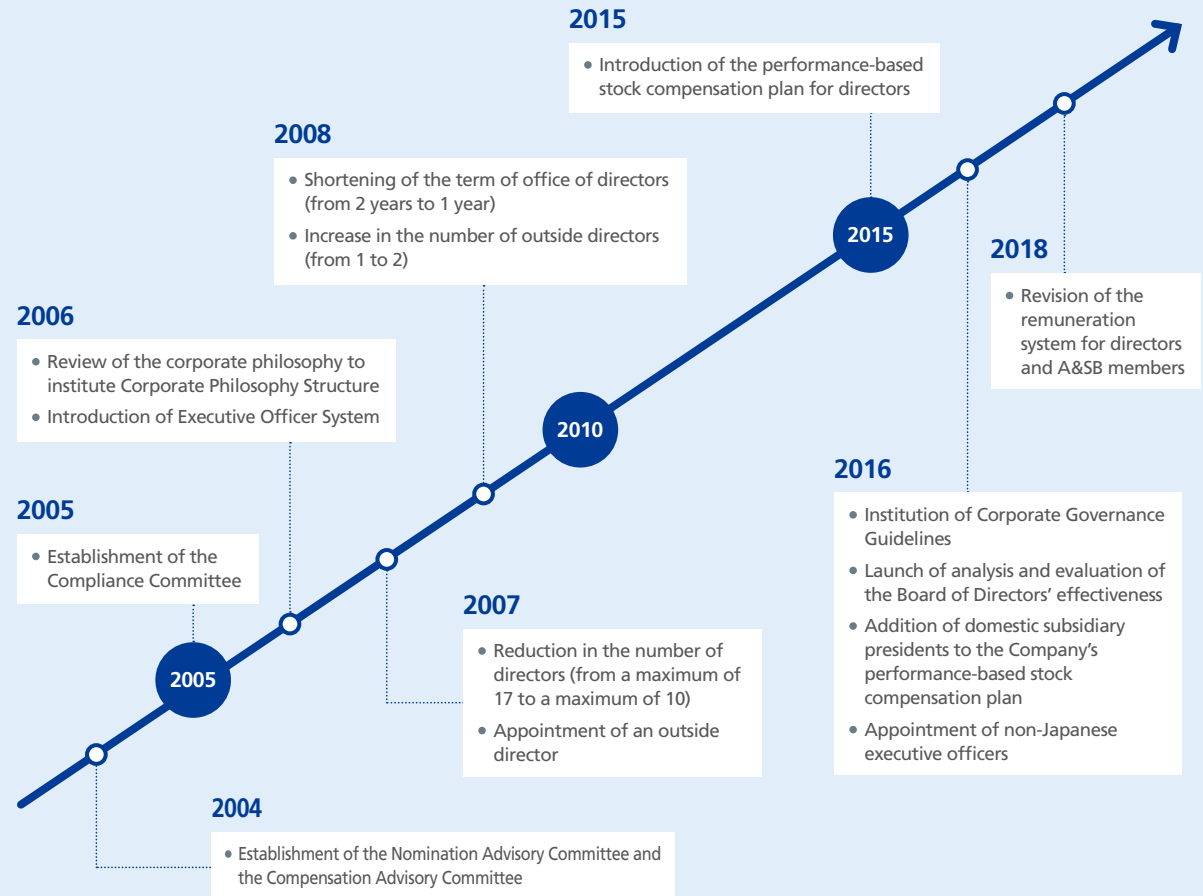


# Corporate Governance

Glory's corporate philosophy guides its efforts to continuously improve corporate value through sound and efficient business management, so that the Company can exist in harmony with society and earn the trust and support of all stakeholders. None of this can be achieved without a firm commitment to the continuing improvement of corporate governance. Glory will continue its efforts to strengthen the supervisory and executive functions of management, accelerate decision-making, ensure transparency and objectivity, and enhance compliance management.

## Glory Corporate Governance Chronology



## Corporate Governance Guidelines

To ensure sustainable growth of the Group and to boost corporate value over the medium and long terms, Glory formulated Corporate Governance Guidelines in February 2016. The Company is pushing forward with business management in line with these Guidelines and is striving to further strengthen its governance system.



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

## Corporate Governance Structure

Glory believes that for effective corporate management, the Board of Directors, having more than one outside director, should make decisions on important management issues and supervise the execution of business, while the Audit & Supervisory Board (“A&SB”) monitors the activities of the Board of Directors. Under such belief, Glory has adopted “Company with Audit & Supervisory Board” as a form of corporate organization under Japan’s Companies Act.

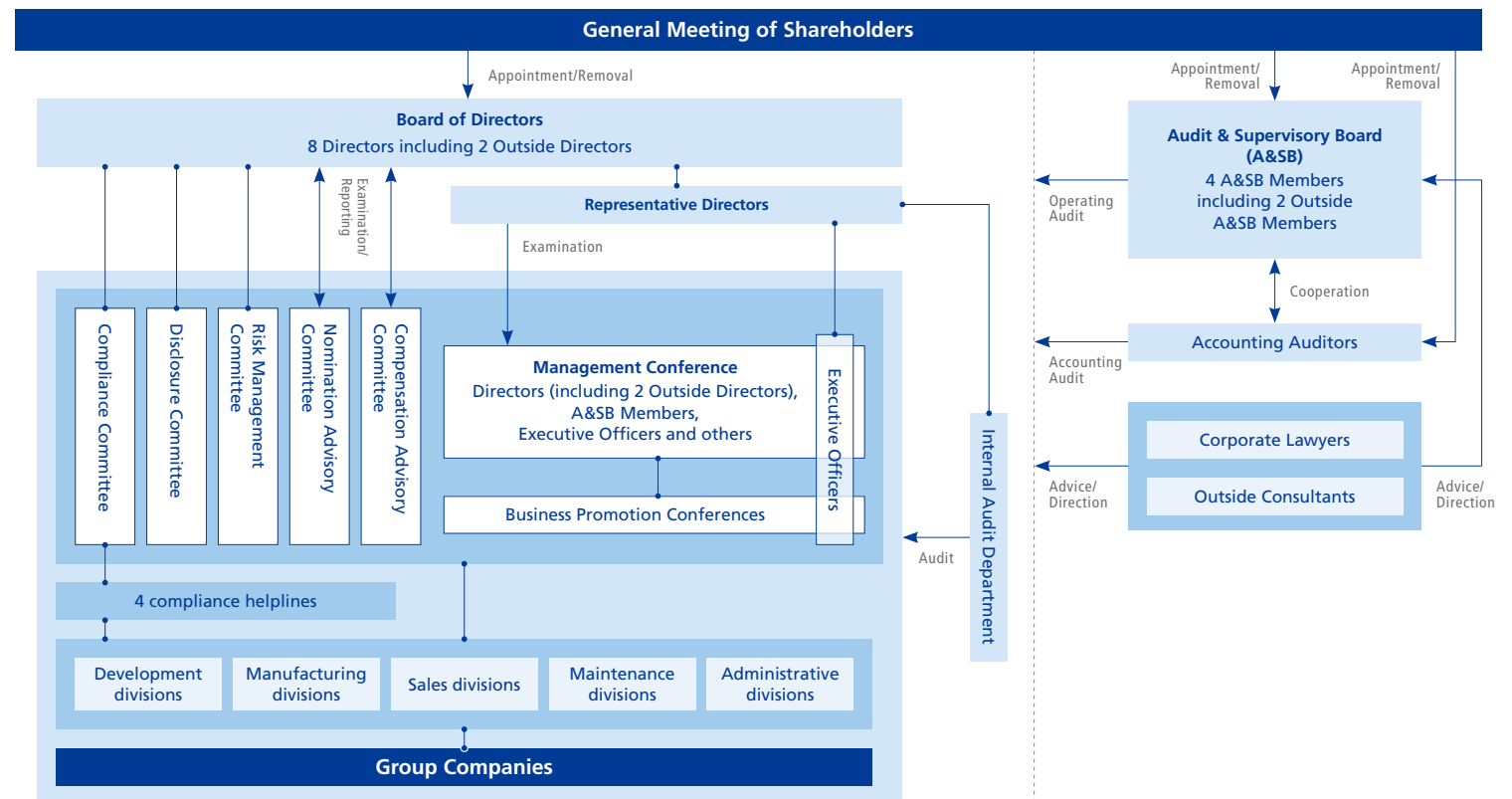
To ensure rapid decision making by, and vitalization of, the Board of Directors, the Company limits the number of directors to no more than ten, including several independent outside directors with qualities that enable them to contribute to sustainable growth and the improvement of corporate value from a medium- to long-term perspective.

Overseas business operations have expanded dramatically since the acquisition of Talaris Topco Limited in 2012. This is reflected in the composition of our Board of Directors, which includes two representative directors, four executive directors with extensive knowledge of the business or corporate operations of Glory, and two outside directors with the ability to provide appropriate expert advice based on knowledge of global corporate management and other fields. While we review the governance structure as needed, we believe this is the optimal board structure system for Glory at present, since it provides both balance and diversity in terms of knowledge, experience and ability of the Board as a whole.

The Company requires the A&SB to have a maximum of four members, the majority of whom must be outside A&SB members. At least one member of this Board must have adequate knowledge of finance and accounting. Currently the A&SB consists of two internal A&SB members who are familiar

with Glory’s business operations, and two highly independent outside A&SB members with extensive experience and expert knowledge of legal affairs, finance and accounting, corporate management and other fields.

**Corporate Governance System (As of March 31, 2019)**



## Independent Outside Directors and Outside A&SB Members

We believe that our outside directors and outside A&SB members must be independent from Glory. Specifically, they are required to meet not only the conditions stipulated in the Companies Act and the rules of the Tokyo Stock Exchange, but also our own, more stringent criteria. For details concerning the independence requirements for Glory's independent outside directors, please refer to our Corporate Governance Guidelines.



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



Outside directors attending technology presentations

### Information on Outside Directors and Outside A&SB Members (As of March 31, 2019)

Outside Director	Reason of Appointment	Attendance rate at Board of Directors meetings (the year ended March 2019)	
		Board of Directors meetings	A&SB meetings
<b>Hiroki Sasaki</b> Nomination Advisory Committee Chair Compensation Advisory Committee Chair Independent Director	Mr. Hiroki Sasaki possesses considerable experience and global knowledge as a management executive at other companies and has been playing an important role as an outside director in strengthening supervisory function, ensuring and enhancing transparency and fairness in the Company's management. It is our judgment that he has sufficient experience and ability for the role of outside director.	16/16	
<b>Joji Iki</b> Nomination Advisory Committee Member Compensation Advisory Committee Member Independent Director	Mr. Joji Iki possesses considerable experience and global knowledge as a management executive at another company, and has been playing an important role as an outside director in strengthening supervisory function, ensuring and enhancing transparency and fairness in the Company's management. It is our judgment that he has sufficient ability and insight for the role of outside director.	16/16	
Outside A&SB Member	Reason of Appointment	Attendance rate (the year ended March 2019)	
		Board of Directors meetings	A&SB meetings
<b>Mikio Nakajo</b> Independent A&SB Member	Mr. Mikio Nakajo possesses extensive knowledge and experience as an attorney-at-law and has been playing an important role, as an outside A&SB member in ensuring and enhancing compliance and adequacy in the Company's management. It is our judgment that we can strengthen the Company's management organization further by receiving his audit based on his experience and specialized knowledge from an independent standpoint.	16/16	15/15
<b>Satoshi Hamada</b> Independent A&SB Member	Mr. Satoshi Hamada is a certified public accountant and possesses considerable knowledge regarding finance and accounting as well as corporate management. He has been playing important role as Outside A&SB member in ensuring legitimacy and adequacy in the Company's business management. It is our judgment that he has sufficient experience and ability for the role of A&SB member.	16/16	15/15

## Analysis and Evaluation on Effectiveness of the Board of Directors

From the fiscal year ended March 31, 2016, the Company has annually analyzed and evaluated the effectiveness of its Board of Directors (the "Board") based on its Corporate Governance Guidelines. In the past three examinations, while it was judged that "the effectiveness of the Board is ensured sufficiently as a whole and that the current status of the Board is consistent with the Company's Corporate Governance Guidelines," we considered that there were some points for which "continuous efforts for improvement are required."

Therefore, in the most recent examination, for the fiscal year ended March 31, 2018 and 2019, the Company focused on those matters falling in the category of "continuous efforts for improvement are required."

As a result of analyzing and evaluating the anonymous self-evaluation questionnaires, some improvement was made from the previous year, though some issues remain to be solved. These issues include narrowing the Board's focus to more strategic items, ensuring sufficient time for consideration, clarifying the main points of

documents and utilizing IT tools (e.g. a paperless multimedia conference system) at the Board meetings. Additional issues include readjusting roles and relationships between the Board and other managerial bodies, etc. and further delegating authority to such conferences.

Based on the most recent results, the Company will strive to increase the effectiveness of discussions at Board meetings regarding the setting of broad agendas for the corporate managerial and business strategies. Furthermore, in the light of expected

acceleration of overseas business development and entry into new businesses fields, the Company will maintain steady measures to improve the corporate governance structure by such means as securing appropriate composition and management of the Board, so as to ensure greater diversity.



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

## Remuneration for Directors and A&SB Members

### Remuneration Structure

#### Remuneration for Directors

1. Remuneration for executive directors consists of fixed compensation ("Fixed Compensation"), bonuses linked to short-term business performance ("Bonuses"), and stock compensation linked to medium- to long-term business performance ("Stock Compensation"). The proportion of performance-based compensation is determined in stages according to rank. Details of each type of compensation are as follows.

- 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) is set approximately at 50% for each for the president. For other directors, the ratios are determined proportionately to the ratio for the president, according to the responsibilities, the general level of compensation and other factors.
- The target indicators for Bonuses are consolidated net sales and operating income from among the performance targets in the 2020 Medium-Term Management Plan.

The amounts to be paid will be determined according to the degree of achievement toward those targets using a factor between zero times (if achievement degree is less than 60%) and two times (if achievement degree is 140% or more) a predetermined amount.

- The target indicators for Stock Compensation are consolidated ROE and the operating margin from among the performance targets in the 2020 Medium-Term Management Plan. The number of shares to be allotted will be determined according to a number of points calculated by multiplying the basic number of points by a factor between zero times (if achievement degree is less than 90%) and two times (if achievement degree is 140% or more), depending on rank.
2. No retirement benefits are paid to directors.

3. Remuneration for outside directors, who mainly perform supervisory functions, will consist only of a monthly Fixed Compensation.

#### Remuneration for A&SB members

Remuneration for A&SB members, who mainly fulfill auditing functions, will consist only of a monthly Fixed Compensation.

### Amount of Remuneration for Directors and A&SB Members, and Number of Eligible Persons for the year ended March 2019

Category	Amount of remuneration (million yen)	Amount of remuneration by category (million yen)			Number of eligible persons
		Fixed Compensation	Performance-based Bonuses	Performance-based Stock Compensation	
Directors (excluding Outside Directors)	189	103	68	17	6
A&SB Members (excluding Outside A&SB Members)	36	36	—	—	2
Outside Officers	38	38	—	—	4
(Outside Directors)	(24)	(24)	(—)	(—)	(2)
(Outside A&SB Members)	(14)	(14)	(—)	(—)	(2)

## Notes:

- Amounts paid to directors do not include employee salary portions for directors who have concurrent responsibilities as employees.
- The maximum amount of compensation for directors was set at ¥450 million per annum (including a maximum of ¥50 million for outside directors) under a resolution adopted at the 72nd Ordinary General Meeting of Shareholders held on June 27, 2018. This amount does not include employee salary portions for directors who have concurrent responsibilities as employees.
- The maximum amount of compensation for A&SB members was set at ¥80 million per annum under a resolution adopted at the 72nd Ordinary General Meeting of Shareholders held on June 27, 2018.
- The following resolutions were adopted at the 73rd Ordinary General Meeting of Shareholders held on June 21, 2019 concerning Stock Compensation for directors in the year ended March 2019.
  - Period: three fiscal years from the year ended March 2018 to the year ending March 2020
  - Total amount to be entrusted: ¥300 million for the period concerned (includes funds used to acquire shares by the trust during the period concerned, and trust fees and expenses)
  - Number of shares to be acquired by the trust: 147,000 shares for the period concerned.

The above amount represents the provision reserved for the year ended March 2019. The Company Shares Distribution Rules stipulate that shares, etc. should be allotted to directors at specific times during the trust period (50%) and at the time of retirement (50%). This means that the amounts include shares, etc. for which entitlements have not been confirmed.

## Corporate Governance

## Board of Directors (As of June 21, 2019)


**Hirokazu Onoe** Chairman of the Board & Representative Director

Sep. 1970 Joined the Company  
Apr. 2000 General Manager, Vending Machine & Amusement Systems Business Div.  
Jun. 2001 Director  
Jun. 2004 Managing Director  
Jun. 2006 Director & Managing Executive Officer

Apr. 2009 General Manager, Corporate Strategy Div.  
Jun. 2010 Director & Executive Vice President  
Apr. 2011 President & Representative Director  
Apr. 2019 Chairman of the Board & Representative Director (to present)


**Kaname Kotani** Director

Jun. 1987 Joined the Company  
Jun. 2010 General Manager, Development Div., Money Handling System Business Headquarters  
Apr. 2011 Deputy Executive General Manager, Development Headquarters  
Apr. 2012 Executive Officer  
Apr. 2013 Senior Executive Officer; Executive General Manager, Development Headquarters (to present), Responsible for Intellectual Property Dept. (to present)

Jun. 2014 Director & Senior Executive Officer  
Apr. 2015 Director & Managing Executive Officer  
Apr. 2016 Responsible for information security (to present)  
Apr. 2017 Director & Senior Managing Executive Officer (to present)  
Apr. 2018 Responsible for new businesses (to present)


**Motozumi Miwa** President & Representative Director

Jun. 2009 Joined the Company  
Mar. 2010 General Manager, Legal Affairs Dept., General Affairs Div.  
Jun. 2010 Executive Officer  
Apr. 2012 Senior Executive Officer; Executive General Manager, General Affairs Headquarters  
Jun. 2012 Director & Senior Executive Officer  
Apr. 2013 Responsible for CSR, brand strategy, investor relations and legal compliance functions

Apr. 2014 Director & Managing Executive Officer; Executive General Manager, Business Management Headquarters, Responsible for General Affairs Headquarters  
Apr. 2015 Director & Senior Managing Executive Officer  
Apr. 2016 Representative Director & Senior Managing Executive Officer  
Apr. 2017 Executive Vice President & Representative Director; Responsible for Business Management Headquarters  
Apr. 2019 President & Representative Director (to present)


**Akihiro Harada** Director

Mar. 1985 Joined the Company  
Apr. 2003 General Manager, Production Engineering Dept., Himeji Factory, Banking System & Equipment Div.  
Jan. 2006 President of GLORY (PHILIPPINES), INC.  
Apr. 2009 General Manager, Management Planning Dept., Corporate Strategy Div. of the Company  
Apr. 2012 Executive Officer; Project Leader, International Business Integration Project Management Office  
Jul. 2012 Director of Glory Global Solutions Ltd.

Apr. 2014 Senior Executive Officer of the Company; Responsible for manufacturing, procurement and quality assurance at group companies of Glory Global Solutions Ltd.  
Apr. 2015 Executive General Manager, International Business Headquarters  
Jun. 2015 Director & Senior Executive Officer  
Apr. 2017 Director & Managing Executive Officer (to present)  
Apr. 2018 Executive General Manager, International Business Company Unit (to present)


**Hideo Onoe** Director

Jan. 1999 Joined the Company  
Oct. 2005 General Manager, Supply Chain Management Dept., Production Management Div., Money Handling Systems Business Headquarters  
Oct. 2006 Executive Officer  
Jul. 2009 President of GLORY (U.S.A.) INC. (now Glory Global Solutions Inc.)  
Apr. 2012 Senior Executive Officer of the Company; Executive General Manager, Production Headquarters

Apr. 2013 Chairman of the Board of GLORY Denshi Kogyo (Suzhou) Ltd.  
Apr. 2014 Managing Executive Officer of the Company; Executive General Manager, Production Headquarters & Senior General Manager, Purchasing Div.  
Jun. 2014 Director & Managing Executive Officer  
Apr. 2015 Executive General Manager, Domestic Business Headquarters (to present)  
Apr. 2017 Director & Senior Managing Executive Officer (to present)


**Joji Iki** Outside Director

Independent Director

Apr. 1977 Joined Kawasaki Heavy Industries, Ltd. ("KHI")  
Nov. 2002 Senior Manager, Aero-Dynamic Machinery Department, Machinery Division, Gas Turbine & Machinery Company  
Apr. 2009 Executive Officer; General Manager, Machinery Division, Gas Turbine & Machinery Company  
Apr. 2012 Managing Executive Officer; President, Gas Turbine & Machinery Company  
Jun. 2012 Representative Director & Senior Vice President

Apr. 2015 Representative Director & Senior Executive Vice President; Assistant to the President, in charge of Technology, Sales and Procurement department  
Apr. 2016 Representative Director & Senior Executive Vice President; Assistant to the President, in charge of Technology and Sales department and in charge of Ship & Offshore Structure Company  
Apr. 2017 Director of KHI  
Jun. 2017 Outside Director of the Company (to present)


**Shigetoshi Mabuchi** Director

Apr. 1982 Joined GLORY Shoji Co., Ltd. (now the Company)  
Apr. 2005 General Manager, Business Planning Office, Business Planning Div. of GLORY Shoji Co., Ltd.  
Apr. 2009 Senior General Manager, Maintenance Business Div., Maintenance Headquarters of the Company  
Jun. 2010 Executive Officer

Apr. 2012 Senior Executive Officer; Executive General Manager, Service Headquarters (to present)  
Apr. 2014 Managing Executive Officer  
Jun. 2014 Director & Managing Executive Officer  
Apr. 2017 Director & Senior Managing Executive Officer (to present)


**Junji Uchida** Outside Director

Independent Director

Apr. 1974 Joined NIPPON STEEL CORPORATION ("NSC")  
Jun. 2005 Director (Member of the Board); Director, Construction Products Division Director, Pipe & Tube Division  
Jun. 2006 Director (under the Executive Management system); Director, Construction Products Division Director, Pipe & Tube Division  
Apr. 2007 Director (under the Executive Management system); Director, Plate Division  
Apr. 2009 Managing Director (under the Executive Management system); Director, Flat Products Division  
Jun. 2009 Managing Director (Member of the Board); Director, Flat Products Division

Jul. 2010 Managing Director (Member of the Board); Director, Flat Products Division Project Leader, India Continuous Annealing and Processing Line Project  
Apr. 2011 Managing Director (Member of the Board); Project Leader, Shanghai-Baoshan Cold-rolled & Coated Sheet Products Project  
Apr. 2012 Director (Member of the Board) of NSC Adviser of OSAKA STEEL CO., LTD. ("OSAKA STEEL")  
Jun. 2012 Retired from Director (Member of the Board) of NSC Assumed office of Representative Director and President of OSAKA STEEL  
Jun. 2017 Director and Senior Advisor of OSAKA STEEL  
Jun. 2018 Senior Advisor  
Jun. 2019 Outside Director of the Company (to present)



## Audit & Supervisory Board (A&SB) (As of June 21, 2019)



### Masakazu Nagashima A&SB Member

Jan. 1983	Joined the Company	Jun. 2015	A&SB member of the Company (to present)
Oct. 2006	General Manager, Business Planning Dept., Retail & Media Industries Systems Company		A&SB member, GLORY NASCA Ltd. (to present)
Apr. 2011	General Manager, Internal Audit Dept.		A&SB member, Hokkaido GLORY Co., Ltd. (to present)
		Jun. 2019	A&SB member, GLORY Engineering Ltd. (to present)



### Toru Fujita A&SB Member

Sep. 1988	Joined the Company	Jun. 2014	A&SB member, GLORY Products Ltd. (to present)
Apr. 2011	General Manager, Accounting Dept., Business Managing Div.	Jun. 2017	A&SB member of the Company (to present)
Apr. 2012	General Manager, Accounting Dept., Business Managing Headquarters		



### Satoshi Hamada Outside A&SB Member

**Independent A&SB Member**

Apr. 1976	Joined Chuo Audit Corporation	Jun. 2015	Outside A&SB member of the Company (to present)
Aug. 1981	Joined Asahi & Co. (now KPMG AZSA LLC)	May 2016	Outside Director, NISHIMATSUYA CHAIN Co., Ltd. (to present)
Nov. 1981	Registered as certified public accountant	Jun. 2018	External Director (Audit and Supervisory Committee Member), WDB Holdings Co., Ltd. (to present)
Sep. 1984	President, Satoshi Hamada Accounting Office (to present)		
Sep. 2014	Representative, Hamada Certified Tax Accountant Office (to present)		



### Keiichi Kato Outside A&SB Member

**Independent A&SB Member**

Oct. 2003	Registered as Attorney-at-law Joined Harima Law Office
Jan. 2009	Partner, Harima Law Office (to present)
Jun. 2018	Outside Corporate Auditor of Sanyo Color Works Ltd. (to present)

## Executive Officers

Senior Managing Executive Officer  
**Hideo Onoe\***Senior Managing Executive Officer  
**Shigetoshi Mabuchi\***Senior Managing Executive Officer  
**Kaname Kotani\***Managing Executive Officer  
**Norio Murakami**Managing Executive Officer  
**Akihiro Harada\***Senior Executive Officer  
**Tokuya Shimizu**Senior Executive Officer  
**Hirofumi Kameyama**Senior Executive Officer  
**Hideto Tanaka**Senior Executive Officer  
**Katsunori Yamamoto**Senior Executive Officer  
**Tsutomu Iwata**Senior Executive Officer  
**Masashi Michishita**Senior Executive Officer  
**Toshihiko Kayama**Executive Officer  
**Makoto Ueda**Executive Officer  
**Taneyoshi Ebashi**Executive Officer  
**Masato Ishida**Executive Officer  
**Yoshihiro Takada**Executive Officer  
**Hiroshi Uemura**Executive Officer  
**Tetsuya Bogaki**Executive Officer  
**Chris T. Reagan**Executive Officer  
**Vincent Nakache**Executive Officer  
**Yoshifumi Kawabata**Executive Officer  
**Yoshihiro Ota**Executive Officer  
**Satoko Fujii**Executive Officer  
**Yukihiko Fujikawa**

\* Currently serving as Director